





# The week in London and New York

## The squeeze lifts gilts

Equities and gilts moved in opposite directions yesterday. The latter took their cue from the tighter monetary control and the favourable impact that this should eventually have on rates of inflation, but equities were obviously frightened by the fierceness of the new squeeze on credit. The banks sector was marked down sharply and the market as a whole dropped 9.8 points with the 30-Share index closing at 307.2—a decline of 1.7 points on the week. The market steadied a little at the finish yesterday. But after a three-week gain that extends to around a sixth, the second leg of the account is likely to open on Monday in an uncertain mood.

Up until Thursday—when the re-introduction of control over the interest-bearing deposits of the banks was announced—the feature of the week had been sterling which over the past five days has risen more than 5 cents against the dollar. It has become increasingly clear that the long awaited “economic package” is now scheduled for December, and against this background gilts have been moving upwards. The Government Broker has been in almost constant action this week; yesterday £500m. of new medium term stock replaced Wednesday’s exhausted issue, and a good slice of the long tap has been sold over the past two days helped by the 1 point cut in M.L.R. The Government’s programme of gilt sales is now probably ahead of theoretical timescales.

### Waiting for CU

The third quarter figures from Royal and General Accident indicate a steady return to health for the composites after their chronic troubles of 1975 and 1974. Royal recorded pre-tax profits of £53m. for the first nine months of 1976 and GA returned £27m., in each case more than double that for the same period last year. Overall this year both companies should comfortably top the profit peaks reached in the previous cycle now that the industry is getting back into some sort of stride in the U.S. GA’s business in the U.S. was almost in the black for the third quarter and could well be in profit over the rest of the year. Royal’s progress, although lagging behind that of GA is still for smaller losses in the final three months.

In recent weeks our composites index has risen off the bottom bang in line with the market as a whole, but confirmation of a transformation in the industry’s fortunes still faces one major hurdle—Monday’s

results from Commercial Union. CU was slow to take corrective action in the U.S. and as a result analysts are expecting the company’s heavy involvement in workmen’s compensation business to hold back its North American recovery. After all, Royal is still having trouble with these classes in some States.

But profits cycles rarely coincide in insurance business and Royal and GA both report heavy underwriting losses in the U.K. arising from the storms at the beginning of 1976, and more recently from subsidence claims as a result of the dry summer. The latter have cost Royal £3.2m. and GA £2.4m.; most of which arose in the third quarter. But the biggest impact from subsidence claims will be felt at Sun Alliance with its heavy involvement in the U.K. household market.

### Cold comfort

It has been a chilling week for the bakers. Their 1p a loaf price rise has been blocked and they have learned that from January baking margins could

### TOP PERFORMING SECTORS IN FOUR WEEKS FROM OCTOBER 21

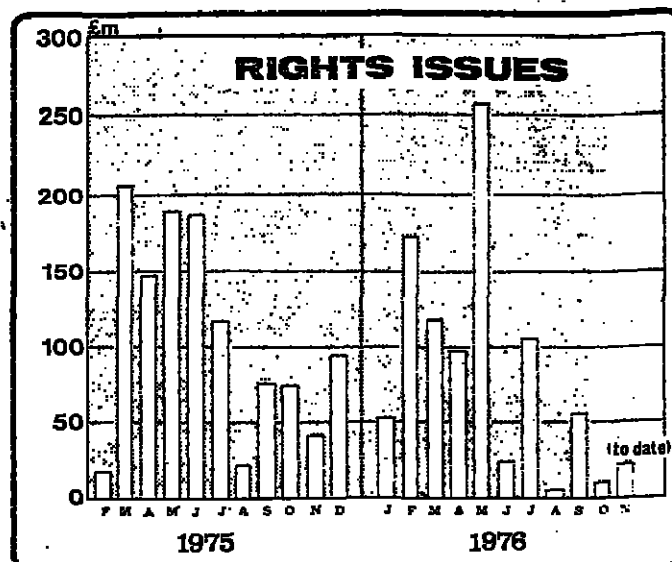
	% Change
Discount Houses	+19.2
Property	+18.3
Insurance Brokers	+16.8
Hire Purchase	+15.3
Food Retailing	+13.5
Stores	+12.3

### THE WORST PERFORMERS

	% Change
Insurance (Life)	+2.3
Breweries	+0.7
Textiles	+0.6
Office Equipment	-0.5
Household Goods	-2.7
Wines and Spirits	-3.1

be in line for further pressures when the Government lifts the current limitations on the amount of discount that the bakers are allowed to offer retailers. A price freeze is itself bad enough news given the present background of rising costs, notably raw materials like wheat. But the prospect of an end to constraints on competition must send some particularly nasty shivers through the less profitable elements of the industry.

At least one broker estimate suggests that a bread price war (which, effectively, is what an industry’s fortunes still faces one major hurdle—Monday’s



push Spillers’ losses on baking for 1976-77 to more than £5m.—at a time when the outlook for earnings is not exactly healthy anyway. Last month’s interim figures from Spillers pointed to a decline in profits this year of about an eighth pre-tax at which level earnings would just about cover a maintained dividend. At 24p the shares yield 16 1/2 per cent against 11 1/2 per cent at AB Foods.

Obviously it is impossible to predict with certainty that a price war in bread will develop in 1977. Everything hinges on the attitude of the market leader AB Foods which, with its Fine Fare supermarket chain and Life Bite outlets, has plenty of competitive muscle. It has not been slow to apply this in the past, the most recent example being a temporary cut in prices earlier this year.

### Booker again

Kinloch (Provision Merchants) moved up to within an ace of its year’s high on Thursday and late that evening Booker McConnell rushed out a bid—its second takeover attempt in two weeks. Booker’s takeover ambitions (the other recipient is Central Wagon) now involve the company in bids representing close to 45 per cent of its present market capitalisation of £291m.

The deal with Central Wagon is agreed and looks cut and dried; but the offer for Kinloch is less straightforward. At 200p in cash it compares with 135p for Kinloch ahead of the news, historic earnings per share of 17p and last published net worth of 160p. Kinloch’s earnings are expected to rise usefully for 1975-76 and there are plenty of under-developed

## More optimism

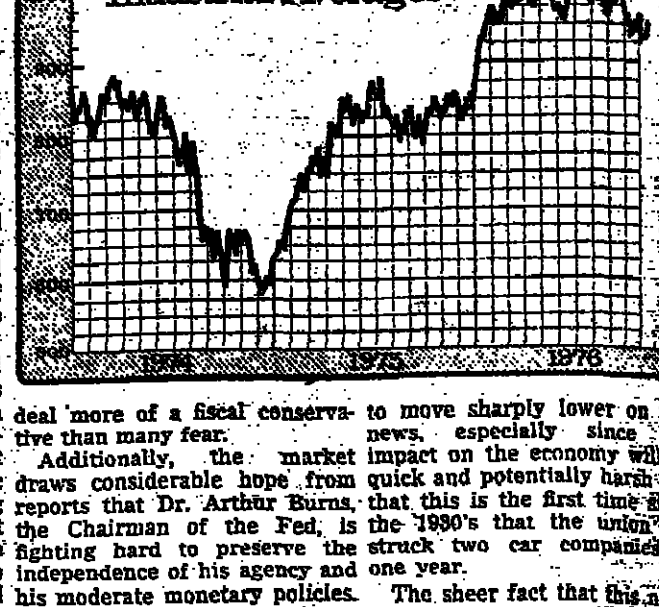
BY JAY PALMER

AFTER WALL STREET’S prolonged weakness last week, it is still far too premature to suggest that this week’s subsequent strong rally reflects a basic change or indeed the start of a new bull market. Whatever its day-to-day outlook, Wall Street at the moment remains essentially an indecisive and hesitant market.

Nevertheless, while this current upturn in share prices could all too easily be reversed next week, there are at the moment some vague grounds for increasing optimism. The point is that Wall Street appears to be coming to grips with its three major problem areas.

Looking back over the market’s fall back from the 1,000 level of the Dow Jones Industrial Index three factors recur again and again as the reasons for the price slide. Foremost among these is of course the current “pause” in the economy. More recently still, worries have centred on the size and timing of the forthcoming Opec oil price rise and the uncertainties surrounding Jimmy Carter’s choice of Presidential advisors and the make-up of his

## DOW JONES INDEX Industrial Averages



new administration. As far as the economy goes, the pause is still very much with us. Nevertheless some economic indicators are looking good (for example this week’s report that October consumer prices rose at the slowest pace in seven months) and while any marked recession is on no-one’s list of wants, inflation still remains this market’s biggest worry.

As far as the approaching oil prices go, Wall Street has drawn strong hopes of only moderate increases from the promise by Saudi Arabia that it will attempt to hold the increase back under a maximum ceiling of 10 per cent. The news that Venezuela has suggested that the price rise be spread out over a period of months provided further optimism.

Fears that Jimmy Carter might have to repay his election victory debts to organised labour with a massive free spending economic spurge remain, at least to some extent. Nevertheless, more and more observers note that Carter is picking his way carefully to avoid worrying big business and he could turn out to be a good

deal more of a fiscal conservative than many fear. Additionally, the market draws considerable hope from reports that Dr. Arthur Burns, the Chairman of the Fed, is fighting hard to preserve the independence of his agency and his moderate monetary policies.

All this adds up to a good deal of growing optimism on Wall Street. To-day the market managed to open higher, continuing yesterday’s rally, despite the gloomy news that the United Auto Workers’ Union has started a series of mini-strikes against General Motors. This dispute could prove short-lived but one still could have expected the market

to move sharply lower on news, especially since impact on the economy will be quick and potentially harsh. That this is the first time in the 1970s that the market has not reacted to such news is a sign of a more resilient market. The sheer fact that this has not sent the market into a tail spin remains a bullish factor around it. Perhaps time to start taking close look at individual sectors and preparing for upswing.

Monday Close 935.42 Tuesday 935.34 Wednesday 930.08 Thursday 950.13 Friday 948.80

## Mining Prophets take care

BY PAUL CHEESERIGHT

THE BUBBLE was soon deflated. The speculative effervescence which covered the bullion market at the end of last week and the start of this week quickly blew away in a welter of profit-taking. After touching \$140 an ounce at one stage, gold ended the week back at its level of a fortnight ago at \$130.5. Gold mining shares moved in unison with bullion and the index yesterday was 139.5 after reaching 151 on Monday.

So the stage has been left to cautious prophets like the chairman and executive director of Anglo American’s gold and uranium division, Mr. Dennis Etheredge. He sees “for some time ahead” a price within the range of \$115 and \$135 an ounce. South African output this year is likely to be about 712 tonnes, some 4 tonnes more than last year.

Such price estimates do not bode well for dividend prospects at the Anglo group’s major investment company, Rand Selection, over half of whose holdings are in gold and uranium. Although the bullion price has moved up from the \$116 prevailing at the end of its financial year on September 30, a more substantial increase will be necessary if Rand Selection is to pay higher dividends in 1976-77.

Total dividends for 1975-76 were 65 cents (45.5p) after 75 cents the previous year. Group equity earnings were down to \$37.6m. (£26.3m.) against \$48.1m. in 1974-75, “adversely affected by reductions in gold-mining dividends,” as the company puts it. Also there have been higher costs for prospecting and an increase in provisions against loans and investments.

Notably R10m. (£7m.) has been set aside against the investment in the Tenke-Furugume copper project in Zaïre. This venture was suspended last January, although since then it has been decided to give some consideration to financing a development for some time in the distant future on a scale more limited than the 180,000 tonnes a year scheme, first contemplated.

Another Anglo group company, the London-based Charter Consolidated, is also involved in Tenke-Furugume. Its half-yearly results, announced this

week, showed a healthy increase pre-tax, on the back of a better performance by Cape Industries. But the net figures were less encouraging.

Attributable earnings were \$9.8m. or 9.36p a share for the six months to the end of June compared with \$9.8m. or 9.36p a share for the same period of 1975. The interim dividend was 2.75p, an increase over the 2.5p at the same stage last year.

Earnings per share at the end of the financial year could turn out at around 19p, much the same as last year. The final figures will incorporate exchange rate gains and losses which do not figure in the first-half results. Assuming that Cape Industries keeps up its existing performance, much will depend on investment results, and here Charter will not have the share dealing benefits of the sale of 10m. Rio Tinto-Zinc shares which came in the second half year.

There is also the problem of Cleveland Potash in Yorkshire, although there have been some indications that its technical woes may be becoming less burdensome.

### Profits display

One encouraging factor for Charter is the profits display of Selection Trust, in which Charter has a total interest of

31 per cent. With the inclusion for the first time of North Sea gas income and of figures for the Shand group of contract coal miners and engineers, Selection Trust’s operating profits for the six months to the end of September were higher than for the whole of the 1975-76 year.

Attributable profits at \$29.8m. were nearly double those of the \$12m. recorded in the first half last year, and earnings per share were 13.6p. The interim dividend at 5p is unchanged on last year but is being paid on a capital increase by 5.9p shares to 29m., following a rights issue earlier in the year.

With higher revenue from the Mount Newman iron ore operation in Western Australia, and better results in this quarter to the end of September, the \$29.8m. (£26.3m.) operating profit is the same as the \$29.8m. (£26.3m.) recorded in the first half last year, and earnings per share were 13.6p. The interim dividend at 5p is unchanged on last year but is being paid on a capital increase by 5.9p shares to 29m., following a rights issue earlier in the year.

“The group was looking to a future,” he said, “in which our growth of earnings is largely derived from activities in which we have a significant element of control over cash flow, thus reducing our dependence on the dividend policies of other companies.” The policy should be enhanced by the development of the Agnew nickel project in

Western Australia, the metals prospect at Detour, Canada and any decision to exploit the base metals at Teutonic Bore, also Western Australia.

### Put briefly

● An underground explosion at the Union Corporation, Grobrieken gold mine in South Africa caused the death of black employees. At San group mine, Impala Platinum fighting led to the death of black employees. About 1 men walked out to return to work.

## MARKET HIGHLIGHTS OF THE WEEK

	Price	Change on	1976	1976	
	Ytd	Week	High	Low	
F.T. Ind. Ord. Index	307.2	-1.7	420.8	245.3	Awaiting economic package
Gold Mines Index	139.8	-4.0	246.9	78.8	Fall in bullion price
Treasury 15 1/2 1998	£100	+1 1/2	£100	£95	Climate favourable for gilts
Allen Harvey & Ross	330	+4.0	490	235	Firm gilts
Barclays Bank	208	-17	350	190	Govt. tightens lending squeeze
BP	716	+42	716	557	U.K. & U.S. brokers' recommendations
Costain (R.)	123	+9	163	104	Speculative buying
EMI	211	+9	277	173	U.S. and domestic buying
Imry Property	125	+17	193	92	Demand in thin market
Johnson Matthey	290	+23	390	240	Interim due next Wednesday
Kinloch	184	+54	190	108	Bid from Booker McConnell
Kleeman Inds.	157	+22	230	133	Speculative demand; thin market
Laird (J.) "A"	58	+8	107	44	Half-yearly profits upsurge
Lovell Shipping	185	+50	185	70	Increased bid
Metal Box	230	+9	302	189	Better-than-expected first-half figs.
Monfort (Knitting Mills)	35	+5	37	25	Speculative demand; thin market
Pilkington	263	+18	348	211	Interim figures due soon
Rael Electronics	216	+13	266	155	Interim figures due soon
Ultra Electronics	51	+7	65	37	Speculative buying
Vinters	23	-6	35	21	Revised profits forecast

## U.K. INDICES

	Average	Nov. 19	Nov. 12	Nov. 5
FINANCIAL TIMES				
Govt. Secs.	58.06	57.54	57.09	
Fixed Interest	57.60	57.27	56.45	
Indust. Ord.	311.5	299.6	294.0	
Gold Mines	141.1	134.3	121.5	
Dealings mtd.	4,773	4,976	5,004	
FT ACTUARIES				
Capital Gds.	115.66	112.27	109.43	
Consumer	99.83	95.46	91.56	
Durable	119.24	114.81	112.53	
Cons. (Non-Durable)	119.24	114.81	112.53	
Ind. Group	123.54	119.00	116.12	
500-Share	143.80	138.17	135.69	
Financial Gp.	102.04	99.99	95.57	
All-Share	133.16	128.21	125.51	
20-year Govt.	44.17	43.69	43.44	
Red. Debs.	44.20	44.04	43.40	

## TV/Radio

† Indicates programme in black and white

### BBC 1

8.50 a.m. Ragtime, 9.05 Indoors Outdoor, 9.20 Multi-Coloured Swap Shop, 10.15 p.m. Weather, 12.15 Grandstand: Football Results (12.30) England and the World Cup: analysis, UEFA Cup: preview, Racing from Ascot (12.50, 1.25, 1.55, 2.25), Tennis (1.30, 2.15, 2.45, 4.00) Benson and Hedges Championships: Boxing (1.40) Rugby League (3.15) John Player Competition, 4.45 Final Score, 5.05 The Tom and Jerry Show, 5.20 News, 5.30 Sport/Regional News, 5.35 The Basil Brush Show, 6.05 Dr. Who, 6.30 Bruce Forsyth and the Generation Game, 7.25 The Duchess of Duke Street, 8.15 Shirley Bassey, 8.40 Skippy and Hutch, 9.50 News, 10.00 Match of the Day, 11.00 Parkinson. All Regions as BBC-1 except at the following times—Wales—8.50-9.50 a.m. Telfant, 12.00 News and Weather for Wales, Scotland—4.55-5.05 p.m. Scoreboard, 5.30-5.35 Scoreboard, 10.00 Sportscentre, 10.50-11.00 Top Score, 12.00 News and Weather for Scotland, Northern Ireland—4.55-5.05 p.m. Scoreboard, 5.30-5.35 Northern Ireland News: Sport, 12.00 News and Weather for Northern Ireland.

### BBC 2

2.45 p.m. Saturday Cinema: 10.30 News,

“Gentle Giant,” starring Vera Miles.

4.15 Take A Ticket To... 4.45 The Money Programme.

5.20 Open Door, 6.05 Horizon, 6.55 Network from BBC North-East.

7.25 News and Sport, 7.40 The Lively Arts—In Performance: Ballet from Europe.

9.10 Film: International, “Theorem,” starring Terence Stamp.

10.45 News On 2, 10.50 Tennis highlights, 11.40 Midnight Movie: “Lizzie,” starring Eleanor Parker and Richard Boone.

LONDON

9.00 a.m. First Act with Anna Scher and members of the Anna Scher Children’s Theatre, 9.25 In Focus with Harry Secombe, 9.50 Superconduct Saturday Scene, 10.55 Superconduct, 10.55 Space 1909, 12.00 Superconduct, 12.30 p.m. World of Sport: 12.35 On The Ball, 1.00 International Sports Special (part 1) Evel Knievel from Washington, 1.10 News from ITN, 1.30 The ITV Seven—1.30, 2.00, 2.30 and 3.00 from Newcastle, 1.45, 2.15 and 2.45 from Warwick, 3.10 International Sports Special (part 2) World Masters Darts Championship, 3.50 Half-time Soccer Round-up, 4.00 Wrestling, 4.30 Results Service, 5.05 News from ITN, 5.15 Celebrity Squares, 6.00 Happy Days, 6.30 Jonathan Routh and Candid Camera, 7.00 Yip My Dear, 7.30 New Faces, 8.30 Joe Forrester, 9.30 Beasts, 10.30 News,

10.45 Aquarius: “Sir Harold In Italy” with Peter Hall, Sir Harold Acton and Russell Harty.

11.30 Fomicide, 12.30 a.m. Close-Tony Bridge meditates on the Old Masters, All ITV Regions as London except at the following times—

ANGLIA

9.50 a.m. Animal Alphabet Parade, 1.55 The Woody Woodpecker Show, 12.30 Fennell Voyce, 12.45 Brexans, 5.30 a.m. Cartoons, 5.55 The Saturday Adventure Film: “The Phantom of the Opera,” starring Terence Stamp, 10.45 News On 2, 10.50 Tennis highlights, 11.40 Midnight Movie: “Lizzie,” starring Eleanor Parker and Richard Boone.

ATV MIDLANDS

9.15 a.m. First Act, 9.45 In Focus with Harry Secombe, 10.15 Travels, 5.30 a.m. Cartoons, 5.55 The Saturday Adventure Film: “The Phantom of the Opera,” starring Terence Stamp, 10.45 News On 2, 10.50 Tennis highlights, 11.40 Midnight Movie: “Lizzie,” starring Eleanor Parker and Richard Boone.

ATV SOUTHERN

9.15 a.m. First Act, 9.45 In Focus with Harry Secombe, 10.15 Travels, 5.30 a.m. Cartoons, 5.55 The Saturday Adventure Film: “The Phantom of the Opera,” starring Terence Stamp, 10.45 News On 2, 10.50 Tennis highlights, 11.40 Midnight Movie: “Lizzie,” starring Eleanor Parker and Richard Boone.

ATV WEST

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ATV YORKSHIRE

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## TV Top 20

For week ending November 14

Homes

viewing (m.)

1 The Sweeney Thms. 9.40

2 George and Mildred Thms. 9.25

3 Bruce Forsyth and Generation 9.15



# Your savings and investments

## Calling a halt on Fidelity

BY ERIC SHORT

POLICYHOLDERS WITH Fidelity Life must by now be bewildered by the antics of the various parties connected with the proposed rescue scheme. Details of this scheme were announced back in April, when Fidelity Corporation, the American parent, stating that it was willing to put up £15m. to ensure that all policyholders could receive 100 per cent. of contractual benefits on their policies. All that had to be solved were the details of the scheme.

These details are still being evolved. First it was the insurers objecting to their settlement—the scheme pays 50 per cent. of claims to non-policyholder creditors and 70 per cent. in two instalments. In 1981 and 1982 to the reinsurers. They were objecting to what they considered "inequitable treatment". This took some time to evolve, but eventually agreement was reached only to be followed by a further trouble over the payment of the reinsurers' costs even though only a few thousand pounds were involved. Ten days ago it was announced that the matter has been settled with

the Corporation paying £10,000 towards the reinsurers' costs and it looked as if everything was ready to go. Norwich Union had undertaken to administer the company as a closed fund.

But at this Monday's Court hearing came the bombshell announcement that the Policyholders' Protection Board wanted more money towards its costs than the £10,000 originally agreed. Its theme was that if Fidelity Corporation could pay £10,000 towards the reinsurers' costs, it could pay more towards the Board's costs.

Although this latest obstacle was resolved within a couple of days with the Board getting a higher payment, it has left an air of uncertainty surrounding the scheme. Who is going to be the next body to ask for more money from Fidelity and put another question mark over whether the scheme will get off the ground?

In each case, the claimant has said that its action would not delay the rescue scheme. But Mr. Martin Polden, acting for the Corporation, has pointed out that since the scheme was first mooted, costs have climbed steadily. The bankers who hold the purse strings of the Corporation have expressed their concern at this creeping escalation and could call a halt.

The ability of the Corporation to finance the rescue scheme depends upon the continuing willingness of its bankers to meet these increasing costs. The main concern must surely be to ensure that the rescue scheme goes through as quickly as possible and not to argue over trifles. Hopefully we shall hear the better news from Monday's court hearing.

## Ideas on trust reporting

BY CHRISTOPHER HILL

PEOPLE LIKE Peter Potts of hieftain, trying to make good the unit trust business, say that to succeed nowadays you have to have a good relationship with professional advisers—who tend to have the major lacking power. In this context it is interesting that, in its latest committee talks about the requirements for half-yearly reports, the Unit Trust Association is looking at the possibility of sending the general run of the unitholders a simplified version of a more detailed report which would be available on request. Unit-linked sales have been a or those who wanted it. This may not be what the Department of Trade had in mind when it submitted some ideas in its own about unit trust reports (quite recently), but it certainly appeals to the fund managers. For one thing it could cut down costs; for another it would be possible to reduce more lavish productions for the professional, and finally it would do away with one of the current standards in the industry. In reports like the one in the company's prospectus, according to Tim Mon, chairman of the Unit Trust Association, there is a general tendency for unitholders to confuse the management company's accounts with the balance sheet of the unit itself and to get frightened out management losses.

While agreeing that unit trust reports should not be irrelevant facsimiles of company reports, I must say that the thought of reports being transformed into simplified broadsheets would be rather disturbing. After all, it took a long time during the '60s to persuade unit trust managers to put more information in their reports and "available on request" is always a dangerous step to take from "distributed to all".

The unit trust figures for October are looking pretty dismal, with net sales down to the £5m. mark and groups like M and G admitting that stock-brokers were showing distinct tendencies to "switch" during the month, thus demonstrating that what is given by the professional may also be taken away. But the really interesting figures were not just straight sales (which could scarcely be good under current circumstances), but the decline in the numbers of policies linked to unit-trusts in the third quarter. Unit-linked sales have been a long-standing source of comfort to the unit trust business but when it looks as if there must have been some policy redemptions from its own about unit trust during this period.

The Surinvest American Intertainly appeals to the fund managers. For one thing it could cut down costs; for another it would be possible to reduce more lavish productions for the professional, and finally it would do away with one of the current standards in the industry. In reports like the one in the company's prospectus, according to Tim Mon, chairman of the Unit Trust Association, there is a general tendency for unitholders to confuse the management company's accounts with the balance sheet of the unit itself and to get frightened out management losses.

## Protecting servicemen

MAY not be the most propitious of times to enter into a savings contract, but it is never opportune to take out protection against death. It is noticeable that the TV commercials for life assurance take as their theme financial security for the family should the husband die. As life companies are now reporting a marked increase in a number of protection business being sold. Therefore I am interested to see recently talks of protection schemes for servicemen.

A very high level of cover at a very low premium. No extra premium is charged for hazardous duties or for the place of service and the benefit is paid whatever the cause of death, wherever it occurred in the world, whether it was on or off duty or whether it was by accident, illness or by hostile action.

Despite this lack of restriction on the cover, the premiums charged are lower than for normal individual contracts for the same benefit level. The reason for this low premium is since these are group schemes, expenses are kept low and with protection contracts expenses are more important than interest rates in determining premium rates. Industrial and commercial firms could well consider arranging such schemes for their employees to enable them to protect their dependants.

Investors taking out life insurance primarily for investment purposes, should not overlook the protection aspects. Abbey Life has recently introduced a savings plan which incorporates the most comprehensive protection plan to meet the needs of the family. The Family Cover Plan, linked to the Abbey Managed Fund, not only pays a guaranteed lump sum together with an income benefit on the death of the investor (that is standard practice), but an income benefit on the death of the investor's wife. In addition, if the investor is seriously disabled, the plan waives the premiums on the contract, so that investment continues and pays a disability income for as long as the level is extremely high. In short, Abbey has produced a plan that lives up to medical examination since its name.

E.S.

## Outlets in gilt-edged

BY CHRISTOPHER HILL

THERE ARE now around 20 bond funds which offer the investor a way to maximise his returns in the gilt-edged and fixed interest markets, several of which appeared over the last few weeks backed by City of Westminster, Property Growth, Target, Trident and Hambro Life. What they are offering in general is expertise in making the most of movements in the gilt-edged market and interest rates. Of course, at the moment the appeal of high interest rates dominates the advertisements, but in the long run the managers mostly hope to do better than the average investor by following an active policy of switching entirely out of gilts into cash deposits should conditions warrant and vice versa.

This adventurous attitude is in marked contrast to the way in which "money" funds were launched a few years ago when the idea was that they should be "waiting room" vehicles for investors who had become wary of the equity and property markets. It was thought that sooner or later they would want to do something more exciting with their money than stick it on deposit—even though the deposit rates might be the best that were going. Since then

attitudes have changed and the new fashion is to make a combination of gilts and fixed interest into an exciting mixture.

How successful investment managers are going to be at managing gilt portfolios is just as doubtful as it is in any other field—in fact the tendency with gilts is to take a 100 per cent. view on the outlook one way or the other. Moreover, looking at how the various bonds have performed so far, there is a wide variation, the best performer according to recent figures from Planned Savings being the Vanbrugh Fixed Interest fund which shows up well over the past two years. Vanbrugh is the biggest in the field with over £19m. under its belt (as befits an offshoot of the mighty Prudential) and is currently half in mostly long-dated gilts. But it is difficult to make any fair comparisons yet because some funds have only just started and others have been really just offering finer deposit rates.

What is really interesting, however, is the tax position of these gilt-edged funds. Here various claims are made. Here one starts off from the position that most unit trust managers would dearly love to launch gilt-

edged unit trusts but are deterred by the fact that income from gilts is taxed in the fund at the corporation tax rate (52 per cent.). There are always moves afoot to get this changed but nothing ever seems to happen.

But the life assurance single premium bond seems to be providing a viable alternative. When an individual holds gilts then income is charged tax at his top rate and capital gains are tax-free after one year (up to 30 per cent. before that). In the life company, income less expenses is charged at 37½ per cent. in the fund and capital gains are free after one year (charged at 30 per cent. before that). There is an element of double taxation in that when he cashes his bond the individual is liable to higher rate tax. But the life companies make considerable play of the fact that under current law he can withdraw 5 per cent. per annum tax free for up to 30 years whether he pays higher rate tax or not.

### Grasshopper

REMEMBERING the table of the grasshopper and the ant, the Grasshopper Property Unit Trust perhaps chose a rather unfortunate name—especially now that it seems to have caught a

cold over the Tour Astro office in Brussels. But investors should not get too worried over the news that unitholders are to be asked to agree to a moratorium on redemptions. Grasshopper is a tax exempt fund for pension funds and charities only and, although it is run on an authorised unit trust lines with Barclaytrust as the trustee, it is not really the same as a fund for the small investor. It is more like a co-operative for institutions. Therefore, individual property bondholders should not get worried about the moratorium disease spreading (with memories of Nation Life), although there is no reason to take a rosy view of the property outlook either.

### Indexed bond

THE SILVER lining in the inflationary cloud is that the various index-linked products which have been produced by the Government are now looking very good performers indeed. A £10 Index-Linked National Savings Certificate Retirement Issue bought in June 1975 would now be worth £12.66. Even someone who invested in December 1975 would be showing a gain of 14.7 per cent. All this spells sad news for managers in other investment media.

## King & Shaxson Government Securities Bond

# +26% IN 2½ YEARS

# IT'S WHAT GILT MANAGEMENT IS ALL ABOUT

Over the past few years, an increasing number of investors have turned their attention away from traditional fixed interest deposits and towards a far more specialised area: the gilt market.

Since gilts are guaranteed by the British Government, their intrinsic security has obvious attractions. Especially during one of the most difficult economic periods this country has ever known.

**BUT**—if £1,000 could have been invested in the F.T. Actuaries 20 Year Government Stock Index 2½ years ago its value in capital terms would have fallen to £856. If income had been re-invested after tax at the basic rate the original £1,000 would be worth only £1,074.

**HOWEVER**—a unit in the fund to which the King & Shaxson Government Securities Bond is linked and which invests exclusively in gilts and cash has increased in value over the 2½ years. £1,000 invested would now be worth £1,260. (This should be compared with the figure including income in the paragraph above).

### How?

In order to explain how this has been achieved, let us start by telling you something about ourselves.

King & Shaxson, one of the City's best known discount houses, has been established well over 100 years.

The greater part of our business is concerned with dealing in securities such as Treasury Bills, Bills of Exchange and Local Authority Bonds as well as Government stocks.

In 1971 they established King & Shaxson Fund Managers Limited to manage Gilt Edge securities, and to enable the private individual to take advantage of their experience in this market.

### About Gilts

The current rates of interest on gilts range from 14% at the short end (up to five years) to 15% at the very long end (twenty years and over).

If interest rates rise the income from gilts will increase if they fall capital values will increase.

As interest rates fluctuate, the prices of gilts also fluctuate. Skilled and experienced investment managers who understand this complicated market can take advantage of these fluctuations to maximise income and make capital gains.

One of the advantages of a well managed gilt fund is that it is possible to make money when interest rates fall and to protect capital when they rise. This is because the marketability of gilts enables the managers to buy or sell gilts in large volume at short notice and at realistic prices.

### Investment Strategy

King & Shaxson Fund Managers believe that in order to be successful in this market one has to be prepared to pursue an active investment policy.

This can involve switching of investors' money from one stock to another—and, as and when conditions dictate, putting it on short term deposit.

This policy can work very well indeed (as it has with the Government Securities Bond) but it can only be carried out with extensive specialist knowledge of the market, and it is almost impossible for an ordinary investor to tackle this market on his own.

Although there is no guarantee of future performance (the value of units can fall as well as rise) King & Shaxson Fund Managers firmly believe that the upward trend in the unit price will continue as the Bond's performance to date indicates.

### Some further advantages

We have concentrated on the investment aspects of the Bond because we believe that this is the element which will interest you most.

But there are other advantages the most significant of which is that the Bond is a single premium life assurance policy underwritten by the Individual Life Insurance Company, a member of the Schroder Life Group.

We have set out the details of the life cover and tax position below. If, having studied them you decide you would like to invest part of your portfolio in the Bond please fill in the application form below and send it with your cheque to: King & Shaxson Fund Managers Limited, 52, Cornhill, London EC3V 3PD. Receipt of your cheque will be acknowledged immediately and your bond will be, under normal circumstances, issued within 21 days.

### 5% per annum income, tax free

If you require income, you can take advantage of the Automatic Withdrawal Plan. This means that yearly (half-yearly or quarterly if you invest £2,500 or more) part of your Bond is cashed in and paid over to you.

How much you decide to withdraw is up to you; the advantage of keeping it down to 5% is that even if you pay higher rate tax you will incur no liability on this income at the time of withdrawal. If you decide to draw more there may be a liability to higher rate tax and the surcharge on investment income, should you be liable for one or both of these taxes.

And remember: so long as your Bond increases in value faster than the income you withdraw, your capital will go on increasing even after you have taken your income.

### APPLICATION FORM

To: The Individual Life Insurance Company Limited.

PLEASE SEND THIS FORM AND YOUR CHEQUE TO KING & SHAXSON FUND MANAGERS LIMITED, 52, CORNHILL, LONDON EC3V 3PD. Application. I wish to invest £ (minimum £1,000) in a King & Shaxson Government Securities Bond and I enclose a cheque for this amount made payable to The Individual Life Insurance Co. Ltd.

Withdrawal Plan. If you wish to use the automatic Withdrawal Plan, please complete the following:

Percentage of original investment required as an annual withdrawal  %

Payable annually ☐ \*half-yearly ☐ \*quarterly ☐

(\*if you invest £2,500 or more)

Declaration. I declare that the answers contained in this Application are true and complete. I consent to the Company seeking medical information from any doctor who has attended me or from any company to which a proposal for life insurance has been made and I authorise the giving of such information. I agree that this Application and Declaration together with any statements made to the Company's medical examiner by me shall be the basis of the contract between me and the Company.

Have you ever had any serious illness or specialised investigation or consulted a doctor within the last 5 years (except for minor ailments requiring a single consultation only)?

If "Yes" please give details on a separate sheet. YES ☐ NO ☐

Are you in good physical and mental health and free from the effects of any previous illness or accident?

If "No" please give details on a separate sheet. YES ☐ NO ☐

Signature  Date

Registered Number: 1020189 England. Registered Office: 120 Cheapside, London EC3V 6DS. This offer is not available to residents of Eire.

This offer is based on legal opinion regarding current legislation.

FT/20.11



## Finance and the family

## Award of indemnity costs

BY OUR LEGAL STAFF

I have been summoned to appear as secondary defendant in court, in connection with a transaction with which I had nothing whatever to do, and am advised that I must employ at a cost of £500-£600 both solicitors and a barrister to defend me, and in the event of an acquittal that I may recover only some 50 per cent. of these costs. May I have your comment, please?

You are under no obligation whatsoever to employ a barrister and solicitors. If the claim is in the County Court you can appear by a solicitor without counsel, and in any court you are entitled to conduct your own defence. It is vital that you should plead your defence at the earliest possible moment and it might well be wise to retain a solicitor for this purpose. While it is true that the normal order for costs would leave you out of pocket to some extent, that should not be anything like as great a shortfall as has been suggested to you. Moreover, the court has power to award solicitor and/or client indemnity costs, and if the case against you

is wholly misconceived it might be possible to convince the judge that you should be awarded such costs.

## Maximum pay for wife

Could you please tell me what is now the maximum sum, after taking into account both income tax benefits and National Insurance liabilities, it pays to pay one's wife in wages from a business?

In many respects, the incidence of social security tax is more complex and arbitrary than that of income tax, so there is no simple answer to your question. If your wife is paid annually (that is, she has only one pay day each tax year) and her annual pay day falls between now and the end of 1976-77, you could pay her a gross sum of £675.95 (but not a penny more) on her annual pay day without incurring any social security tax liability for either her or yourself as her employer. However, on the same

assumptions, there would still be a joint advantage if you paid her a gross salary of £735 less social security tax each at 51 per cent. (or 2 per cent. if she has elected for category B), even though you would become liable for 83 per cent. social security payroll tax as her employer.

The gross cost to the business would be £799.31 (that is, 1081 per cent. of £735) and the net cash received by your wife would be £682.74 (for more if she is category B). The combined burden of social security tax is only 13.33 per cent. on £799.31, so this is undoubtedly less than the consequent reduction in your own case. I income-tax liability. Looking at it another way, however, you will see that an additional gross cost of £123.36 to the business has only added £16.79 to the cash received by your wife (unless she is category B). Even at a marginal tax rate of 55 per cent, the net cost to the business of the additional £123.36 will be £20.97, which is £4 more than the net additional benefit to your wife.

If you wife is paid half-yearly

## Likely award on divorce

I am contemplating divorce. My assets comprise a house worth about £22,000 and investments, £3,000. My salary is £2,500 and investments income £110. My wife, whose assets amount to about £5,000, has contributed nothing to the purchase or upkeep of the house. Would she be able to claim part of my capital assets? What sort of maintenance would I have to pay? Would it be better to put off divorce proceedings until my retirement a short time hence, when, of course, my income will be substantially reduced?

Depending on the full extent of your disposable income, your wife is likely to be awarded up to, say, £2,500 per annum. She can make a claim on your capital assets and may be awarded some thing, especially as there is a sum in investments which is readily realisable. On your retirement the order may have to be varied. We doubt if there would be any particular advantage or disadvantage in waiting until retirement for the divorce. Maintenance orders can be varied if there is a change in circumstances.

## Maintenance on roads

Between 15 and 40 years ago the developer of the estate on which I live undertook to maintain the roads, through a covenant with each householder to pay around 15 per foot frontage. As this sum is obviously insufficient, the roads are in a very bad state. Can the developer be compelled to put things right? Has he any means of having the covenants changed? Is there another way out? Without knowing the full terms of the covenant we cannot advise

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

on the developer's liability thereunder. You may however wish to consider procuring the frontagers to seek to have the road adopted by the local authority but that is likely to be far more costly. If the developer's covenants are valid and the developer is still in existence the developer cannot apply to the court for a variation in the terms of the covenant.

## Abatements of legacies

I am executor of an estate amounting to about £3,000, in which the testator specified that three beneficiaries should receive £1,000 each and a fourth £500. I understood that priority had to be given in the order in which the beneficiaries were named, but the fourth beneficiary contests this. Is he right? For over 250 years the courts have held that general legacies abate in equal proportions. As the pecuniary legacies which you describe would be regarded as general legacies (not specific legacies) they must be reduced pro rata as the fourth beneficiary claims.

## Maintenance and unemployment

On divorce, following a period of separation, could a wife who is the petitioner obtain some of the cash assets generated and held by her husband since the date of separation? Would the court not allow maintenance, even though the wife, because of dependent children, could not work? What effect would a husband's unemployment have? The wife may seek to have provision made for her out of any of the husband's assets whether or not they were generated or acquired during the period of the marriage before separation. The court would not normally make no order for maintenance of the wife. If the husband's means are slight a nominal order might be made, with a view to its being increased if the circumstances of either party change. Hence the fact of the husband's being unemployed will not have any effect beyond the period for which the unemployment lasts.

## Insurance



## The slippery slope

BY ERIC SHORT

THOSE OF US confined either by physical or financial restraints to the office this winter may well envy those fortunate enough to be going on a skiing holiday. That envy may well turn to pity if the holidaymaker is unfortunate enough to break his leg or ankle. Skiing, especially for the unfit, can attract more accidents than many other types of holiday. So the lucky ones check over their equipment and their clothing and make arrangements for the necessary currency transfers. It is perhaps opportune to remind them to check their insurance arrangements.

The prime necessity is for cover to meet all medical expenses should an accident occur. This is obvious, but what is not so clear is the level of cover required. Medical treatment does not come cheap on the Continent. It includes doctor's, surgeon's and other consultant and specialist fees, hospitalisation charges and other sundries. The level of cover must be sufficient to meet costs of the most complex accident, however unlikely that could be. It is not sufficient to meet costs of a clean leg break.

The next requirement is cover to meet the travelling expenses of returning home which may well be in excess of those expected when making the holiday arrangements. The injured holidaymaker may find back with his broken leg instead of travelling by train as originally planned. There may be extra costs incurred for additional accommodation while waiting to return. It probably depends on when during the proposed holiday the accident occurred. Breaking a leg on the last day can cause more problems than breaking on the first day.

Under most insurance policies this item is classified as medical and other expenses. To meet the most extreme case, the cover should be at least £1,000.

Then, holidaymakers who motor to the ski resort should consider what would happen if an accident occurred. If other members of the party can drive then all well and good. The injured person may well be able

## More Winter Sports Page 6:

If the holiday is arranged through a tour operator, the agent usually makes insurance arrangements. The holidaymaker should check the cover meets his requirements and he really should hold back on costs. He always top up cover with insurance company or make arrangements.

However, if he is arranging the holiday himself, then will obviously need to make his own insurance arrangements. The cost per person of comprehensive winter sports cover abroad—loss of baggage, cancellation and interruption of travel services, loss of baggage and equipment is perhaps more serious than in other holidays. The cost of equipment is quite expensive. Winter sports insurance contracts often contain a separate section for loss or damage to skis, sticks and boots and provide towards the cost of hire of replacement equipment.

Cover provided for cancellation or curtailment on ski insurance is very similar to that on other holiday insurance. It can cover such as the reasons as jury service and arrangements for his current compulsory quarantine. But the exchanges

cover against death, accident, sickness of a relative or business associate seems a likely reason for cancellation and is included in the list of reasons.

Finally, most policies cover personal accident as an option cover. This insurance should lump-sum payments should a holidaymaker as a result of an accident die or suffer the loss of one or more eyes or limbs and also make weekly payments to replace loss of earnings. It is perhaps a morbid consideration, but nevertheless one should be looked at.

Experience has shown that some insurance brokers are willing to arrange winter sports insurance, others are somewhat reluctant. After all, the compulsory payable will have to cover their expenses. A league has found that his insurance with a minimum of fuss and he does not cover such as the reasons as jury service and arrangements for his current compulsory quarantine. But the exchanges

## Fence which is not protected

On October 23, you printed a query from someone proposing to resume residence in the U.K. after working for some time overseas. The gist of your reply was that it was impossible to retain any of the advantages of non-resident status after one's return to the U.K.

As far as tax-avoidance goes, I am prepared to believe that the powers of the Inland Revenue are large enough to invalidate any but the most complicated schemes for avoidance. However, one point in the query which you did not answer concerned a "non-sterling protective fence" around the insurer's assets.

Is it not true that, by incorporating a company outside the sterling area (say, in Liechtenstein), one is able to switch investments and reinvest dividends without incurring the dollar premium? Could this not be a useful advantage, especially now that non-sterling assets brought into the U.K. by someone resuming residence can never qualify as premium-worthy?

The powers of the Treasury under section 30(1) of the Exchange Control Act 1947 are adequate to pierce a protective fence of the type you have in mind, so its benefits as a currency hedge are speculative.

Perhaps we can best indicate the fragility of a foreign company fence by quoting section 30(1), as amended by the Finance Act 1968:

"Where there is served on any person resident in the U.K. a notice in writing that the Treasury wish any such requirements as are hereinafter mentioned to be complied with by any such body corporate as is specified in the Second Schedule to this Act (hereafter in this subsection referred to as a "foreign company," (and that person can, by doing or refraining from doing any act—(a) cause the foreign company to comply with any of the requirements; or (b) remove any obstacle to the foreign company complying with any of the requirements; or (c) render it in any respect more probable that the foreign company will

## Education

## Lost art of science

THE PRIME MINISTER and British industrialists want schools and colleges to produce more scientists, engineers and technicians. Will mere exhortations overcome the education system's resistance to change?

Many children are put off science while still in their infant or junior schools, where science is not taught as a separate subject by a specialist science teacher. A primary school teacher is expected to teach all subjects. Unfortunately, many of the teachers do not possess even one GCE "O" level pass in chemistry, maths or physics. When they themselves were schoolchildren, many did not like science subjects, or found them difficult.

It is therefore not surprising if some of these teachers either avoid scientific topics or teach them badly, with a result that many children leave primary school strongly biased towards arts subjects.

In turn, most colleges of education do little to help their primary school student teachers develop confidence in their ability to teach science. Many of the students get no primary science course; if they are lucky, perhaps the equivalent of three or four days in their three-year course may be devoted to the topic.

If more time were devoted to science, then some other subject or subjects must lose an equivalent amount of time. However, the academic boards of the colleges control the allocation of time, and these boards are dominated by staff with arts or education degrees. The board members are often apathetic towards science, and many are more interested in the social aspects of education than in the needs of society and industry.

Some lectures hold philosophical views that discourage their students from teaching science effectively. They do not like a sequential, logical and orderly development of a subject, arguing that this is not the way that the child develops naturally. They say that the child should investigate what ever catches his interest at the time and that it should not be up to the teacher to decide what should be taught.

They proclaim the half-truth: "Facts are not important. What matters is the attitude of mind," without seeming fully aware that understanding of concepts in science often depends on a sound knowledge and recollection of basic scientific facts and principles.

In our secondary schools it is customary for the science subjects to be lumped together under the heading of "general science" for the first two or three years, and allocated, say, three out of 35 teaching periods per week. The less time devoted to a subject, the poorer will be

the pupil's understanding and performance.

Most people prefer subjects in which they have achieved a high standard. When the time comes to specialise, many pupils are convinced that they are "no good at science," and relatively good at other subjects. They therefore opt to do non-scientific subjects. One can imagine the effect on standards in arts subjects if they were combined as "general arts" and allocated three periods per week!

Girls are much more likely than boys to give up science. One reason may be that the girl has probably modelled herself on respected females, such as her mother or teachers. If the latter make it clear, in words or by their attitudes, that they disliked or did not understand the sciences or mathematics when they were at school, the girl may decide that these subjects are unsuitable for women.

Another problem affecting science teaching in secondary schools is the increasing number of mixed-ability classes. It is very difficult, if not impossible, for the science teacher to cater for the needs of the different children. The pace, teaching method and content of the lessons tend to be suited to the children of average or below-average ability while brighter pupils may become bored and uninterested in science. In addition, if there

is a disruptive element in the class, the teacher may avoid practical work because of the potential danger and trouble with discipline that might occur.

In neighbourhood working-class comprehensive schools the situation is often worse. A minority of able, academically-inclined, highly-motivated pupils may find themselves in classes dominated by other adolescents who are simply not interested in consistent and rigorous study. Even if the minority can withstand the strong social pressures exerted by the others, they may find themselves condemned to a watered-down curriculum designed for the non-academic pupil.

A solution in urban areas might be to allow a certain secondary schools to develop a strong bias towards the sciences. They would not be selective, but the pupils who chose to go to them would have to conform to certain standards of conduct and effort.

Another development in recent years has been an attempt by science teachers to reduce the amount of rote learning in science. Some science schemes have adopted a "discovery" approach, and placed a greater emphasis on problem-solving, but this has not always been successful. Bright pupils have sometimes objected to spending hours "discovering" the obvious, or facts that could be found in a few minutes by reference to textbooks. Some of the pupils of average ability, who would formerly have passed their examinations because of sheer hard work and learning, now find that the new examination papers are more like intelligence tests than tests of scientific knowledge.

Yet another problem is the fact that many sixth-form science teachers have no qualifications in applied, as distinct from pure, science. In addition, few have any personal experience of work in industry.

With such a complex situation it is difficult to see how anything but direct intervention by government can bring about a dramatic increase in the country's supply of engineers, scientists, technologists and technicians. Meanwhile, if the present recession were to end, it seems likely that British industry would find itself handicapped once again by a shortage of skilled labour and by a lack of scientifically-literate personnel.

WILLIAM BEET

## Weekend Brief

## Daze at the races

This has been a miserably gloom year on the Turf, with most of our top races, and much of our prize money, being snapped up by raiders from France. Still, hope springs eternal in racing—it is his to—and the sport got a comforting pat on the nose this week with news from the Horse Race Betting Levy Board (whose income comes mostly from bookies) that its contribution to prize money for racing in 1978 will jump from £8m. next year to £8.5m, a rise of more than 40 per cent.

In the process, the Levy Board plans to dip into part of its £8m. reserves, which were built up as a hedge against escalating inflation. As the rate of inflation has now fallen back to a level much closer to the rate of betting expansion itself (approximately 12 per cent. at present) the Board reckoned that the time had come to dig deeper into the kitty.

The news came from the Levy Board's chairman, Sir Desmond Plummer, the former leader of the Greater London Council who is generally reckoned to have made a great success of what is the most powerful position in racing. By announcing the prize-money jump so early, Sir Desmond said he hoped to try and boost the confidence of the racing and breeding sectors at a time of serious economic plight.

Part of his plan is to see the minimum value of virtually all Flat races and steeplechases raised from £700 next year to a new minimum of £1,000.

So far so good. But what do racing's owners think of the news? According to the Racehorse Owners' Association: "We welcome any increase in prize-money, but obviously we'd like to see more. We're still nowhere near meeting the deficit between costs and income."

In fact, it's less a deficit, more a chasm. For the benefit of Lord Rothschild's Royal Commission on Gambling, the Owners' Association calculated earlier this year that their costs in 1976 were going to total nearly £36m, which has to be set against total prizemoney this year (including entry fees and sponsors) of only £10.5m.

Of the £26m, £7.4m. would have been spent on approximately 2,500 yearling racehorses bought in 1974. Training

fees (for 10,000 horses) will signal coming from Broadbent House.

So far these are pretty thin, but still offer some nice nuggets on which to chew. The formal announcement that the Governors were considering 40 applicants for the job, for example, suggests that rather than more than this actually applied. It seems that more than 20 names went straight into the waste bin. The next tempting morsel was the comment that the names being considered were the result of the advertising campaign, and other inquiries. This indicates that the BBC itself has been out drumming up a few candidates.

Now the Governors have the uncomfortable task of sorting through their chosen 40 during the hectic run up to Christmas. It may be two weeks before they can meet again to whittle that list down to a manageable short list of ten. Employing a director general (at £25,000 a year) takes more time than taking on a tea boy, so it is unlikely that each of the short-listed people will get more than two hours of gubernatorial grilling. To fit that in 20 hours before the New Year will take some doing.

Swann's team may be forced into appointing a sub-committee to do the weeding out. Inside money is still going on Gerard Mansell, head of external services, and Ian Threlthorpe, managing director of BBC-TV. One disappointment for the punters has been the scratching

years ago.

Money-spinners like these do not turn up very often; but that's what racing is about.

## Mute Swann

Sir Michael Swann, chairman of the BBC Governors, is firmly slamming the door on inquiries about the fascinating competition for a director general to

replace Sir Charles Curran a while which is probably being watched with much pleasure by Curran himself. Beeb watchers and Saffarine withdraw their

are therefore left to study the two ships, the Windsor Castle

and the SA Vaal, from the U.K. to South Africa service.

The retirement of the t ship is timed to coincide with the introduction of a fully containerised cargo service in South Africa. This will deplete these last elegant liners. Profits have been increasing, but it is difficult to achieve with ships of their type although they have traditionally offered the passenger a speedy delivery of goods and the passenger in too much of a hurry some of the delightful distractions of a star hotel.

Ten years ago Union Castle was operating five passenger cargo liners on the U.K./South Africa route but despite a struggle each has had to b the knee to the jet aircraft and the container ship. The decision was struck by the 11 Arab oil price increase for passenger liners have an in inately greedy appetite for it and as prices zoomed so did profitability plummeted.

The South Africa service was first started by the Union Line in 1957 with monthly sailings on a 42-day passage. proved so successful that rival Castle Line came onto scene in 1973 when the 3 Windsor Castle inaugurated service, taking 23 days. With the yearling the two line, 1981, will leave Southampton on September 2, retiring on October 10.

Their disappearance will mean that Cunard's QE2 will be the only passenger liner making regular calls at Southampton through her sailings on North Atlantic run before April and October. For the rest of the year the QE2 is cruising.

The only other long-haul passenger services of note will be P and O's to the Canberrra and the Orient-Andris Lines will be running the Australians on four round voyages to Australia and New Zealand. Russia's CTC Line will also have four sailings to Australasia in 1977.

Contributors: Michael Thompson-Noel, Arthur Sandles and John Wyles.

Not wanted on voyage

For Britain's last regular deep sea passenger service will end next autumn when Union Castle and Saffarine withdraw their two ships, the Windsor Castle

replace Sir Charles Curran a while which is probably being watched with much pleasure by Curran himself. Beeb watchers and Saffarine withdraw their

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## How to spend it

by Lucia van der Post

## Christmas needn't break the bank

THIS WEEK I've devoted the bulk of the page to inexpensive presents on the grounds that the people with the least to spend are the ones who most need help—they can least afford the train fares, the bus fares and the shoe repairs that endless tramping about involves.

In the weeks leading up until Christmas I will have plenty of ideas for those with fatter purses. Just for this week I have in mind young people (like my own children, for instance, who get pocket money but for whom half the fun of Christmas is searching out presents for vast numbers of school friends and relations), old people and those who have so many to think of at Christmas that they become a bit of a headache.

Every year I am amazed at the ingeniousness of the shops of manufacturers are, at how they make it still possible to find, reactive, appealing things even when the price is high.

Chain stores are a good source of inexpensive buys but very careful selection has to be used to the level of an art to snow out the wheat from the chaff. They are also particularly good in areas where the level of the goods is relatively unimportant—

at is, if you happen to know somebody who wants a pair of garden gloves, or a vacuum flask or good knife and so on. Littlewood's stores, for instance, have some very attractive children's clothes—sweaters are particularly nice but again do look carefully for good colours. They have a splendid set of glasses plain very usable shapes that cost £1.99 for 24 glasses—6 for 50p. Hogue's water and undies. A set of five knives in a silver steel with serrated edges and wooden handles costs 50p.

Scots, again spread all over the country, have some very good newware jars and casseroles in sand-colour decorated with charming dark brown line drawings—a casserole described medium-size is £1.55, while a large for holding pork dripping is only 80p.

Scots also have very pretty caddies, decorated with a fishing small flower print, for between 60p and 90p.

Apart from the chain-stores there are some small shops that make a point of having a selection of inexpensive goods.

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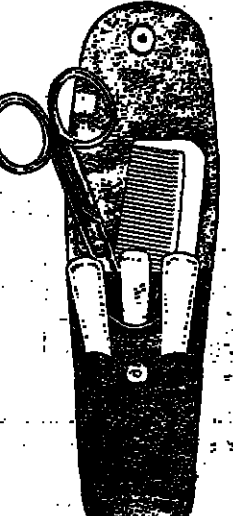
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The Reject Shop now has three branches (245-5 Brompton Road, London, S.W.3; 209 Tottenham Court Road, London, W.1; 62-63 East Street, Brighton, Sussex). It's always on my personal list for stocking fillers at Christmas. This year they even have some stocking fillers for as little as 6p and a whole host of things for

under £1, from a miniature paint box for 16p to a photo cube at 28p. There's also a china miniature iron for 38p, some enchanting crocheted dolls for 20p each. Shown in the photograph here is a selection of things costing mainly between £1 and £2.50. The chopping board is £1.52; the tarot cards are £3.49; herb garden,

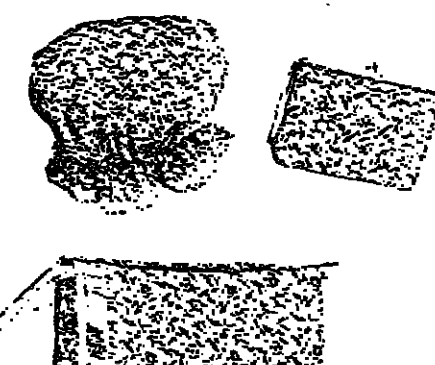
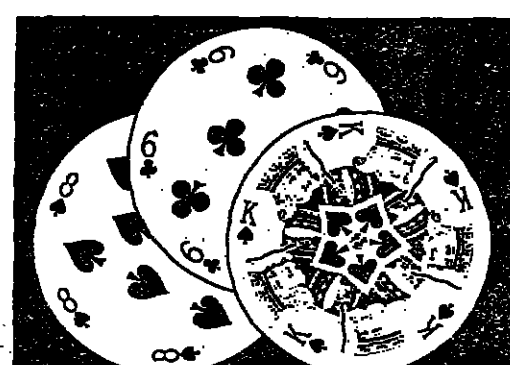
£2.65; Rolly boys, £1.45; blocks puzzle, £1.24; iron on fabric initials, 29p each; wooden dolls' house furniture, £2.79; butterfly brooches, £1.25; corn on cob holders £2.54; doll in basket, 90p; dais brush set, £1.15; bus puzzle, £2.30; mother and baby rabbit, £2.19; egg cup and cosy, £1.55; scented candle in bottle, £1.25.



Very Japanese looking paper wallet. Comes in a variety of patterns. I have one that I always use for foreign money when abroad and they are surprisingly durable. Seven inches by 4 inches, they have two pockets inside. 95p from Mitsukiku shops. 25p p+p.

and Beaconsfield (p+p 35p). Black real leather holder with a pair of nail scissors, comb, nail file, and cuticle parer for £1.25 (p+p 15p) from Peter Knight shops, at Escher and Beaconsfield. Ukiyo china cups in various designs, many of them erotic, so choose the recipient carefully—they look wonderfully authentic Japanese. Four inches high, £2.25 each from Mitsukiku shops—as

they all vary and are breakable they can't do mail order on these. Very colourful Afghan slipper socks. Just right, I would think, for fashionable teenagers or for the elderly who need something very warm to wear at home when sitting still. £2.95 from Bazaar shops in Duke Street, Richmond and Heath Street, Hampstead, London, N.W.3 (p+p 50p).

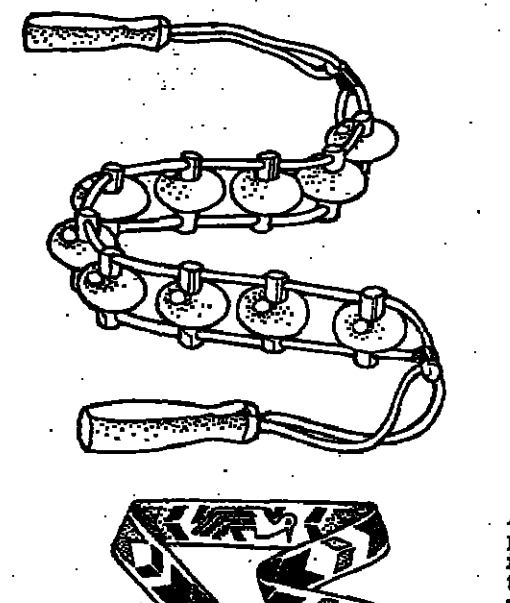
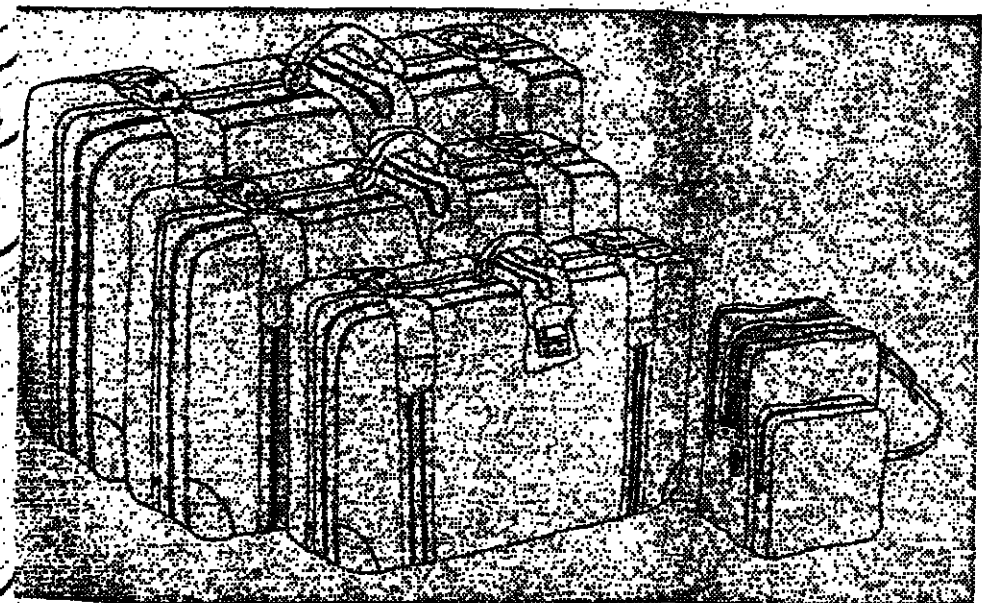


aning vegetables is never exciting work but six sweet little vegetable cleaning brushes—a series of rice designs painted on the back—perk things up. 55p each from Peter Knight shops at Escher and Beaconsfield (p+p).

Somewhat the butterfly seems a suitably delicate Japanese symbol and this plain white porcelain dish makes one of the prettiest nut or olive dishes that I've seen. It isn't very big, measuring only some five inches wide. In white only it is £1.20 from Mitsukiku shops and sorry but they can't post china.

Card players can never have too many cards and this circular pack makes an unusual and interesting set. They are, actually, very pretty though not so practical to hold as more conventional shapes. A nice stocking filler—children should love them. 55p per pack from Peter Knight (p+p 12p).

From Boots shops and therefore available in most places throughout the country is this range of cosmetic holdalls, purses, dolly bag, etc. Called the thistle-down range they are in muted patterns of brown, green or blue. The dolly bag is 85p, the little cosmetic box, top right, is 75p, and the travel holdall is £1.35.



At there are only two valid approaches to question of luggage—either to buy really good (and nowadays that must mean very expensive) luggage and know that it will almost a lifetime or to buy some that is as cheap enough to be considered disposable. You use it as long as it looks usable and then buy some more. Personally, I find in any event have trouble saving up the expensive luggage and since if I had it I'd continually worry about whether it was

being chewed up in the mangling machine that most airports seem to use instead of transporters, favour the latter approach. A bargain from Littlewoods are these beige, brown or blue leather look PVC cases with a rather famous familiar-looking stripe. There are four sizes, 24 inches, £14.99; 28 inches, £11.99; 32 inches, £12.99 and 36 inches, £13.99. The flight bag is in black nylon, blue nylon or blue denim and is £2.99. All are at major Littlewoods stores now.

Above left: this is an extraordinary item from the Mitsukiku shops out it is, apparently, amazingly good for the health. It is called a massager, is made of white wood and rope and the idea is you get the circulation really going after you've had a bath. Thirty-five inches long it is £1.55 (p+p 45p).

Above left: this is an extraordinary item from the Mitsukiku shops out it is, apparently, amazingly good for the health. It is called a massager, is made of white wood and rope and the idea is you get the circulation really going after you've had a bath. Thirty-five inches long it is £1.55 (p+p 45p).

## Nouveau Poor

or how to live better on less

I HAVEN'T even tried to think of a different title to head this book—what can be done for yourself, Shirley Lowe's new book—how to live better on less. It's about everything that it's about. It's not a book for the very poor schools of the good salons and (as the authors point out, you can never have fun on nothing).

The great point about the book is that being poorer than you were is far from being a disaster—the thing is to be poorer in style (and after all think how much more chic it is to be Nouveau Poor than Nouveau Rich!).

The authors are full of ideas and advice and all of it is commonsense. Some of it is, of course, the sort of advice that we've all of us known for years but just have some trouble implementing. For instance, they tell us that to "Be thin is the biggest single economy you can make in terms of dress. If you're size ten, you can put on old jeans at the week-end, borrow your husband or son's ancient sweater, stick on a pair of gumboots for a family walk—and look a perfect smasher." Well, I doubt if there's a woman in the whole of Great Britain that doesn't already know that.

The authors concentrate on the areas of living that are fun, that make life worth living—how to look good on not very much, how to care for hair, face, clothes, shop for food, drink and eat out on the cheap, and how best to keep bills down.

Hair care, for instance, is one of the great modern morale boosters that not many of us

are prepared to see go—the authors are full of ideas on what can be done for yourself. How to colour your hair at home, how to get a good haircut cheaply (go to the hairdressing schools of the good salons) and so on.

A whole chapter on cut-price feasting manages to make the effort of amusing one's friends on less money seem an adventure and a challenge. It's full of good ideas, too—like Robert Carter's perfect cucumber salad. "You peel and slice the cucumbers paper-thin, then you put them straight into a little vinaigrette dressing with fresh tarragon and leave it to chill for an hour. Then you drain off the dressing—into which the cucumber will have shed all its own bitter juice—and put it into more vinaigrette dressing with more tarragon—or fresh chives, or parsley—and chill it again. At the last minute, you add a dollop of slightly salted whipped cream."

Still on the theme of food (and after all there's nothing more depressing for the nouveau poor than having to eat dreary food) they tell us where to buy imported sorbets from France in bulk (Lorier Ltd, 35, Drayton Gardens, London, S.W.10 0L-373 6777). Well, 550 sorbets keeps in a freezer for a year and costs £7.00.

There's a list of very useful addresses at the back, boundless ideas for keeping expenditure down and enjoyment up as well as a Mary Quant coverall to make up for those who sew and two sweaters ideas.

So if you aren't yet too poor, you may think it worth paying the £3.25 the book will cost. Published by Hodder and Stoughton the book is out now.

## Vino Poor

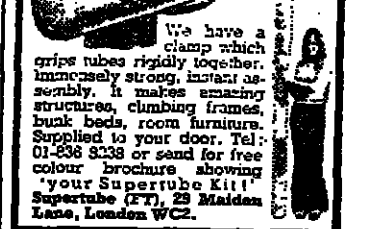
or how to drink better on less

STILL ON the theme of having fun without feeling guilty about the cost, Allan Hall and Joseph Berkman have just brought out what they describe as the Good Wine Guide. It is a necessarily personal guide to what they, and their numerous guest tasters, consider to be the best wines available for under £2.

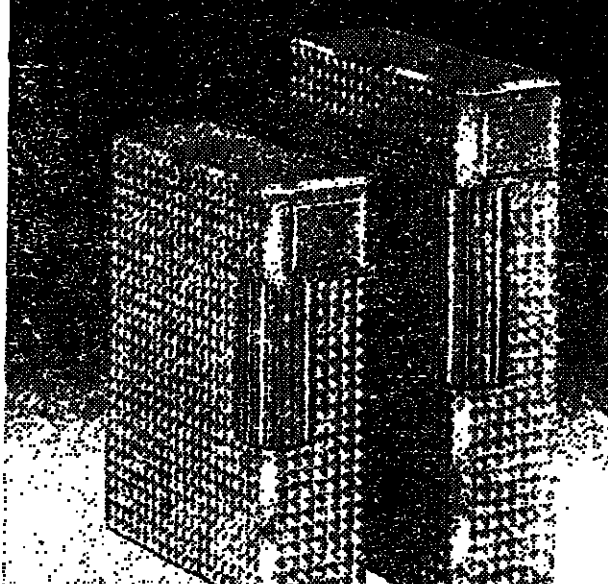
Every major wine area is covered by reference to its geographical origin, while there are also categories dealt with as simply "ordinary white wines," "ordinary red wines," "pink wines" and "sparklers."

As you can see, this is not a guide for those connoisseurs of fine wines, for those who want to lay down splendid cellars (a really good wine merchant is the best place for these people to visit)—it is a guide for those who like their wine often, to be as good as possible for as little as possible. Few of the wines they so dutifully tasted their way through are fine wines, most are available all over the country, but given the proven certainty that price is no guide to quality, a guide like this is a very useful service.

I can't claim personally to have tested the validity of all



## IF MORE PEOPLE HAD ONE YOU WOULDN'T WANT ONE.



The ultimate in personal accoutrements is a cigarette lighter by S.T. Dupont. Immaculately conceived, perfectly engineered and richly finished, it is no wonder that S.T. Dupont lighters are so uncommonly uncommon.

The collection is indeed extravagant. There are S.T. Dupont lighters with 20 micron gold plated exteriors. Others thickly coated in 30 microns of silver. And still others which have been treated to the exquisite attentions of rare Chinese Lacquer.

Available to the few from £42.50 at Harrods, Aspreys, Fortnum & Masons and similar establishments.

There are very few S.T. Dupont lighters. There is only one S.T. Dupont.

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## FOR A GOOD INVESTMENT INVEST IN THE Rosenthal Oriental Night Music Plate

First edition of a series of six 6" collector's plates, one in each of the six Rosenthal Oriental Night Music Plates are the work of the artist William.

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## HOME NEWS

COMMENTARY: DAVID WATT

## Balance kept in aggressive team

THERE ARE three salient features of Mrs. Thatcher's Shadow Cabinet reshuffle. First, it sharpens at the tactical level the assault upon the Government, especially in a number of fields where Conservative spokesmen have failed to adapt to the aggressive partisan style thought appropriate in what they hope will be the run-up to a General Election.

Second, it prepares for the difficult and somewhat ambiguous struggle over devolution which will be the main feature of the next Parliamentary session.

Third, and perhaps most important, it leaves the laboriously achieved political balance of the Conservative leadership unchanged.

The victims of the first requirement are Mr. Maundling and Mr. Timothy Raison in the Shadow Cabinet itself and Mr. Terence Higgins, Mr. Cranley Ouslow and Mr. Patrick

McNair-Wilson at junior level. The moving of Mr. Tom King and Mr. Teddy Taylor to the Shadow Cabinet and Dr. Rhodes Boyson and Mr. Winston Churchill to junior posts ensures that so far as energy, trade, education and defence are concerned very few holds will be barred.

Mr. Taylor, Dr. Boyson and Mr. Churchill, in particular, are probably the most rumbustious propagandists on the Conservative benches, and are consequently much admired by the Tory rank-and-file. The country will find them too erratic for the Front Bench remains to be seen.

The choice of Mr. Taylor for the Shadow committee has the added advantage of giving Mrs. Thatcher more room for manoeuvre on devolution. Mr. Taylor is the most formidable opponent of devolution in the Scottish

Conservative Party, and corralled within the leadership may be easier to handle.

Mr. Francis Pym is not identified with any strong school of thought about devolution, for which he will now be responsible along with House of Commons matters, but as an ex-Chief Whip and an agreeable personality he may well be able to ride out the political and procedural storms that devolution will raise with less difficulty than Mr. Pym. Mr. Pym is also a junior member of the House of Commons, a lawyer who has made his name on a variety of constitutional cases, including *Tameside*, is brought in to handle the legal complexities.

Meanwhile, the truce on the central issues of policy is more or less maintained. Mr. Biffen's views on industry are rather less interventionist than Mr. Heseltine's, perhaps.

No prominent Heath-men have been promoted—certainly Mr. Peter Walker remains firmly in exile.

On the other hand, no one associated with Heathian scepticism about the monetarist school has been demoted, with the exception of Mr. Maundling. Dissatisfaction with Mr. Maundling's recent performance has been too strong to be resisted.

But he has been replaced by a moderate member of Mr. Heath's Cabinet who is not so high-powered that he cannot be ditched as Foreign Secretary by Mr. Heath himself when the great day dawns. After many years in the wilderness Mr. Peter Tapsell, one of the ablest and most justly-overlooked of Conservative back-benchers, will maintain the moderate tone in foreign affairs.

## Mrs. Thatcher's team

The full list of appointments to the Shadow Cabinet, together with other Opposition spokesmen and Whips, is:

Leader	Mrs. Margaret Thatcher	Age (5)
Deputy Leader	Mr. William Whitelaw	(5)
Policy and Research	Sir Keith Joseph	(5)
Agriculture	Mr. John Poyton	(5)
Consumer Affairs and Prices	Mrs. Sally Oppenheim	(4)
Defence	Mr. Ian Gilmour	(5)
Devolution and House of Commons Affairs	Mr. Winston Churchill	(5)
Education and Arts	Mr. Francis Pym	(5)
Employment	Mr. Leon Brittan	(5)
Energy	Mr. Norman St. John-Stevas	(5)
Environment	Dr. Rhodes Boyson	(5)
Foreign and Commonwealth	Mr. James Prior	(4)
Home Affairs	Mr. Barney Hayhoe	(5)
Industry	Mr. Tom King	(4)
Law	Mr. Hamish Gray	(4)
Northern Ireland	Mr. Michael Heseltine	(4)
Scotland	Mr. Hugh Ross	(4)
Social Services	Mr. Keith Speed	(4)
Sport	Mr. John Davies	(4)
Trade	Mr. Peter Tapsell	(4)
Transport	Mr. Douglas Hurd	(4)
Treasury	Mr. William Whitelaw	(5)
Wales	Mr. Michael Allison	(5)
Leader of the Opposition, House of Lords	Mr. John Biffen	(5)
Without specific duties	Mr. Kenneth Clarke	(5)
Chairman of the party	Mr. Norman Lamont	(5)
Party deputy chairman and chairman of Research Department	Sir Michael Havers	(5)
Whips	Mr. Ian Percival	(5)
Chief Whip	Mr. Alroy Newe	(5)
Deputy Chief Whip	Mr. John Biggs-Davison	(5)
Whips	Mr. Alec Buchanan-Smith	(5)
	Mr. Malcolm Rifkind	(5)
	Mr. Patrick Jenkins	(5)
	Dr. Gerard Vaughan	(5)
	Mrs. Lynda Chalker	(5)
	Mr. Hector Monro	(5)
	Mr. Edward Taylor	(5)
	Mr. Cecil Parkinson	(5)
	Mr. Norman Fowler	(5)
	Sir Geoffrey Howe	(5)
	Mr. John Nott	(5)
	Mr. David Howell	(5)
	Mr. Nicholas Edwards	(5)
	Mr. Wyn Roberts	(5)
	Lord Carrington	(5)
	Lord Hailsham	(5)
	Lord Thorneycroft	(5)
	Mr. Angus Maude	(5)
	Mr. Humphrey Atkins	(5)
	Mr. Bernard Weatherill	(5)
	Mr. John Stradling Thomas (5)	
	Mr. Spencer Le Marchant (4)	
	Mr. Michael Roberts (4)	
	Mr. Anthony Berry (5)	
	Mr. John Corrie (4)	
	Mr. Jim Lester (4)	
	Nigel Lawson (4)	
	Mr. Peckham (4)	
	Sir George Young (3)	

Those names in black are members of the Shadow Cabinet

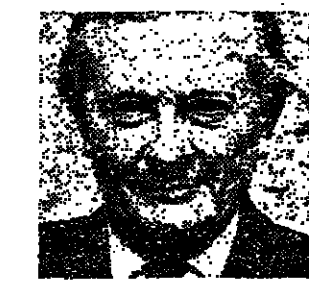
## Four men are launched on the way up . . . and one Brussels-bound



Mr. TEDDY TAYLOR—Unfashionable causes



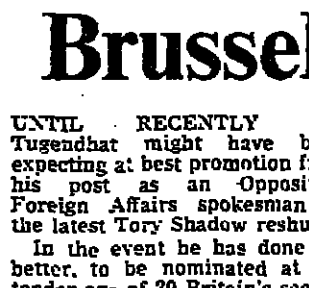
Mr. TOM KING—Overshadowed but . . .



Mr. JOHN DAVIES—Sour taste



Mr. LEON BRITANN—Opportunity in tricky field



Mr. CHRISTOPHER TUGENDHAT—Energy expert

THE NEW Trade spokesman, Mr. Taylor, is one of the most energetic politicians at Westminster, whose advancement has been held back in the past because of the ferocious way he has taken up unfashionable causes—namely capital punishment and opposition to Common Market entry.

But now the 39-year-old Glasgow industrial relations officer and journalist in the Shadow Cabinet he can be expected to make a considerable impact both on his subject and in the devolution debate, which will rage in the Tory Party as well as Parliament.

Significantly, the latest banner he has carried is that of anti-devolutionism, and he will undoubtedly put forward an alternative Scottish policy to that advocated by Mr. Alec Buchanan-Smith, the Shadow Scottish Secretary, who favours the principle of devolved powers. Mr. Taylor's presence could be decisive in swinging the Tories against the Government's legislation.

THE ADVANCE to the Shadow Cabinet by Mr. King is thanks to steady hard work rather than bombast oratory since he entered Parliament in 1970.

As second-in-command to Mr. Michael Heseltine on the industrial relations and trade union legislation last session, and the equally contentious Aircraft and Shipbuilding Industries Bill this session, he has been rather overshadowed on the big Parliamentary occasions, but has made his mark among his fellow MPs.

He is regarded as a highly competent, sound debater who has improved remarkably in recent months. He was particularly effective over the recent Post Office workers' dispute with Grunwick Processing Laboratories.

In Parliamentary terms he faces a considerable challenge as he will be shadowing Mr. Anthony Wedgwood Benn, one of the most formidable Parliamentary debaters.

Mr. King, 43, is a former professional soldier, and businessman

FIVE YEARS, Mr. Davies might ruefully reflect, is a long penance for a single phrase.

For whatever his sterling qualities as a hard-working industry Minister and Chancellor of the Duchy of Lancaster in Mr. Heath's Government, and latterly as a backbencher in the thankless grind of vetting European legislation, Mr. Davies, 60, is above all remembered for his "lamb ducks" speech in the 1970 Tory conference.

Five months later, Rolls-Royce collapsed, and he has been eating his words ever since.

Even if his nomination as Shadow Foreign Secretary is a rehabilitation, it also has the sour taste of second best. For Mr. Davies was seen as natural companion for Roy Jenkins in

But the Government thought otherwise and a man who seemed ideally qualified, with not only top level experience in Government and industry, but fluent French, was passed over in favour of Mr. Tugendhat.

Mr. Davies was seen as natural companion for Roy Jenkins in

MRS. THATCHER has carefully chosen Mr. Brittan to make his front bench debut in one of the trickiest fields for both Government and Opposition—devolution.

It is a big opportunity as well, for the amount of Parliamentary time to be allotted to this monster of a Bill in the next session will offer him endless chances to make his name.

At 37, he is one of the younger Tory MPs of the 1974 intake.

As a Front Bench spokesman he will need to tread with great caution. The Tories, like the Labour Party, are divided on the whole issue of devolution.

Mrs. Thatcher is known to be less than ecstatic herself, and both parties could be threatened by back-bench rebellions over certain parts of the legislation.

Not only will Mr. Brittan's open-mindedness be of immense value but his skilled barrister's mind will frequently be needed to sort out the complicated side issues that devolution inevitably will raise.

He has been at the Bar since the early '60s

portfolio Mr. Tugendhat will take up, assuming his appointment to the 13-man "European Cabinet" is ratified by the Nine-member Governments, but most of his qualifications would point to energy.

It has been a constant strand in his career since he left Cambridge, first as an economic journalist, then as a business manager, the spent ten years on the Financial Times, part of them as

of Phillips Petroleum. He is also deeply involved in economic and foreign policy matters.

Not the least of his assets has been ability to keep out of the party during the Heath-Thatcher warfare. A Whitlaw supporter in the leadership contest of 1975, he nonetheless was swiftly taken aboard by Mrs. Thatcher.

By Richard Evans and Rupert Cornwell

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By Richard Evans and Rupert Cornwell

OBITUARY  
Sir Basil Spence—artist of quality

By H. A. N. Brockman, Architecture Correspondent

SIR BASIL SPENCE, who died on Thursday night aged 89, was one of the most distinguished architects of his century; an artist of the highest quality.

He was an assistant to Sir Edwin Lutyens in the preparation of drawings for the Viceroy's House in Delhi. He first came to public prominence in his brilliant adaptation of the interior of the Victoria and Albert Museum for the Britain Can Make It exhibition, just after the war.

He then put the seal on his eminence with his winning design in the competition for the new Coventry Cathedral in 1951. Although the cathedral was severely criticised by purists, it was a popular success and is, indeed, a building which stirs the emotions. The American critic, Lewis Mumford, wrote that it "strikes a note that vibrates longer and with deeper resonance than many other works of modern architecture."

His next important commission came with his appointment in 1950 as architect for the British Embassy in Rome, another brilliant design, full of the exploitation of his own vivid imagination. The building was not completed until 1971, but in the meantime work was going ahead on the Household Cavalry Barracks in Knightsbridge.

There was another highly controversial building, heavily criticised for the placing of a high tower on the edge of Hyde Park. Nevertheless the tower is one of the best post-war buildings of its sort in London. Had the barracks been conceived as a relatively low building, nearly one quarter of a mile in length, it would have been higher than the building which it replaced; a wall of a continuous height of about 100 feet.

Then there was his master plan for the University of Sussex, a building drawing more criticisms from the "in" people of the architectural world. This time it was the characteristic concrete vaults of Falmer House, which could not be constructed in accordance with his original intentions but which had to be somewhat doctored to retain the form.

However, Sussex University with its warm red brick and concrete relief has the feel of a university and will without doubt take its place as one of Spence's best in any future re-appraisal of his work.

Less happy is the result of his consultancy for the large Government building at Queen Anne's Gate in which the beautiful brocade of the building is in this elephantine bulk, are hardly amenable neighbours to the proximity of 18th century Queen Anne's Gate and St. James' Park.

## First Manx nationalist elected to seat in House of Keys

BY DAVID NORTH IN THE ISLE OF MAN

THE RESULTS of the first day's polling in the Manx general election not only made history but also produced a few surprises. One of the 10 Manx Nationalist party candidates, Mr. P. Craine, a master baker, became the first Manx nationalist to be elected to the House of Keys. Six former members of the House have lost their seats.

There is no party system in the Isle of Man as generally understood in the U.K. The majority of candidates are independent, though in the previous House there were four members of the Manx Labour party.

**BAC may win U.S. Navy order**

By Michael Donne, Aerospace Correspondent

THE BRITISH AIRCRAFT Corporation's Guided Weapons Division may be on the verge of another major missile export success following the deal worth \$200m. with Iran for the supply of tracked-Rapier low-level and aircraft missiles.

The company announced yesterday that it had signed a collaboration agreement with a U.S. consortium led by McDonnell Douglas Astronautics of Huntington Beach, California, for "conceptual studies" into the U.S. Navy's Shipboard Intermediate Range Combat System.

BAC will contribute its knowledge of the SeaWolf, advanced anti-missile anti-aircraft naval defence system, under development for the Royal Navy with sea-trials being made.

The SeaWolf is believed to match closely the U.S. naval requirement for a ship-borne defence system. It could either be bought by the U.S. Navy or adapted for its special purposes. The study pact with McDonnell Douglas is worth \$1.5m. initially, but this could be increased if the studies prove worth extending.

Any long-term decision by the U.S. Navy to buy a ship-borne missile system would be worth hundreds of millions of dollars, and it is clearly a share of this market at which BAC is aiming.

Confirming yesterday the exclusive Financial Times report that the BAC Guided Weapons Division had signed a \$400m. supply deal with Iran for the supply of the tracked-Rapier low-level anti-aircraft missile, the BAC said negotiations with other countries were in progress.

Mr. G. R. Jefferson, managing director of BAC's Guided Weapons Division, said the deal with the tracked-Rapier would prove "very attractive" to a number of other countries.

The 24 members of the House of Keys are elected from 13 constituencies. Seven of these voted on Thursday to return 13 members. The remaining six constituencies voted yesterday for the fixed five-year term.

In South Douglas, where there were two seats, the Labour candidate topped the poll with Mr. Craine second, ousting Mr. John Bell, who has been chairman of the Isle of Man Airports Board for several years.

In the Middle constituency, where there are three seats and normally a strong Labour vote, Mr. Ted Ranson, the Labour candidate, lost his seat, as did Mr. Peter Spittal, the chairman of the Isle of Man Forestry Board.

Mr. Ranson advocated higher income-tax to help pay for increased social, health and education services.

Another to lose his seat was Mr. John Clucas, chairman of the Government-owned Manx Electric Railway, at Ayr, where the margin was just 29 votes.

Although the main issue of the election has been the Common Purse agreement there is no clear indication from the first day's results whether the population is for or against dropping the arrangement.

The Manx Government is operated by a series of Boards. One of the first jobs of Tynwald will be to reorganise them. The chairman of each Board is chosen by members of the House and members of the legislative council. Tynwald then approves the recommendation.

The chairman of the Isle of Man Finance Board is expected to be Mr. Peter Radcliffe. Mr. Alec Moore will probably take over as chairman of the Local Government Board which controls all planning and building on the island.

It is believed that none of the offers made for the company, including that made by Mr. Gulliver and his associates, came anywhere near the figure for RCA to bridge the gap further.

The company has had talks with a series of interested British companies since putting it on the market earlier this year, only three years after buying it from Mr. Gulliver.

The main stumbling block appears to have been the price, with RCA explaining in a statement last night: "Among the factors leading to the decision to withdraw from the market was the fact that the value of the Oriel, the ship-borne anti-aircraft missile, was not high enough to justify the purchase of the company."

In its third quarter accounts this year, RCA established a \$20m. reserve against the reduction in the value of the Oriel. The figures are thought to have worked out as \$48m. for purchase \$28m. per annum.

Even during the negotiations Oriel continued to make acquisitions, with the \$2m. addition of S. White and Sons (Queensferry) in August, for which final payment has yet to be made.

A spokesman for RCA said that the group would continue to trade normally and that the present management was expected to continue. Oriel is expected to be sold with its full-scale RCA intervention this could lead to friction between it and Mr. Gulliver.

For the economy, and not merely for a large number of our members.

It was true that the dock labour scheme was no longer effective and in some ways harmful, but it seemed sheer lunacy to attempt to solve the problems by making them ten times bigger.

The solution could not be based solely on the interests of port workers. The answer should be sought in genuine consultation with all parties.

"I stress the need for genuine consultation, because governments are too fond of inviting people to talk their heads off and then taking no notice whatever of what they say."

Turning to the inflationary pressures on road hauliers, Mr. Silberman said that the position had deteriorated to a point where operators could replace capital equipment only by either getting deeper in debt or reducing the number of vehicles in their fleets.

By Ian Hargreaves, Industrial Staff

A TRIBUTE to the "common-sense, probity and courage" of the two Labour MPs who refused to support the dockers' corridor provisions of Government's Dock Work Bill came in a night from Mr. John Silberman, Vice-chairman of the Road Haulage Association.

Mr. Silberman said in a tribute to the Government should give thanks for the delay in the Bill. "In its original form the Dock Work Bill would have been a disaster

for the economy, and not merely for a large number of our members.

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## Shore calls for more house building

By Michael Cassell, Building Correspondent

THE HIGH mortgage rate was bound to have some effect on the housing market, Mr. Peter Shore, Secretary for the Environment, said yesterday in London.

Mr. Shore, who was addressing the National House Building Council, acknowledged that the inflow of funds into building societies was not encouraging and that he would be watching the trend of receipts in the coming weeks.

For the foreseeable future, the country would require a substantial house building programme as well as a major drive for home improvement.

However, if the house building industry was to make an effective contribution to this overall programme by providing new homes, it would have to be reasonably confident about the future availability of land, money to finance construction, and demand from purchasers when the home were complete.

Authorities across the country were already buying land to make it available to builders, although the industry would for some time have to carry on finding land in the ordinary way.

The present high interest rates were causing problems for the builders but the limiting now placed on the banks' additional lending resources would not prevent the "reasonable" demands of housebuilders being met.

Neither an adequate supply of land, nor of finance for building, is of any use if at the end of the line there is no-one to buy the houses.

The outlook, in this respect, was not encouraging, but it was hoped that people would not talk themselves "into a state of unnecessary gloom and pessimism."

The NHBC reported in its annual report for 1975-76 that the worst drought for more than 200 years, the high level of bankruptcies, and high inflation had combined to push compensation payments to home owners to nearly \$3m. during the year.

The Council, which acts as the standards "watch-dog" for the housing industry, also said that about 90 per cent of home buyers were opting for the "top up" inflation cover which gave them much better protection in the event of a claim.

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## Britain 'must keep' Canada tank group

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

BY M. DONNE DEFENCE GRS which the U.K. and Canada 1 A NEW Anglo-Canadian agreement maintaining Suffield, the sub-committee was set up in 1973 for use as a battle training ground for the British Army for ten years. Negotiations for continuation of the lease beyond 1981 are in progress.

The 1,000-square miles base, about 150 miles east of Calgary, was set up in 1973 for use as a battle training ground for the British Army for ten years. Negotiations for continuation of the lease beyond 1981 are in progress.

A sub-committee of the Expenditure Committee visited the area in June and was convinced that, in spite of the exploitation of natural gas in part of the area, it could still be used as a battle training ground, and especially for Chieftain tanks.

No similar site could be found elsewhere, either in the U.K. or Western Germany.

Common interest

"We feel very strongly that the training area at Suffield is an essential and irreplaceable part of the training programme for the British Army if battle groups are to be trained in realistic conditions," the committee reported.

"The continued use of the training range is, therefore, of great benefit to the British Army, and consequently to NATO, in 75p.

Nuclear reactors caution by Electricity Board

BY ROY HODSON

THE CAUTIOUS approach adopted recently by the Flowers Royal Commission on environmental pollution towards the fast breeder nuclear reactor is now being reflected by the Central Electricity Generating Board, which would be the main operator in Britain.

The Board believes that a series of demonstration plants are likely to be necessary before a full commercial fast breeder reactor programme can be adopted.

Sir Arthur Hawkins, chairman, said at Eastbourne yesterday that it was likely that it would be well into the 1980s before a practical fast breeder reactor programme could be assured of safety reliability and the cost of both the reactor



**entrepreneur.** āntr'prənör One who undertakes an enterprise; one who owns and manages a business, a person who takes the risk of profit or loss.

Seq. OXFORD ENGLISH DICTIONARY.  
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## INTERNATIONAL COMPANY NEWS

## Home sales boost VW

BY GUY HAWTIN

VOLKSWAGEN, West Germany's the group had made considerable progress towards working at a profit and that it aimed to return to paying a dividend as soon as possible. With group losses of DM280m. (€27.5m.) carried forward, of which DM70m. are attributable to the parent concern, this is not an immediate prospect.

The group, which last paid a dividend of 9 per cent—in 1973, ing nine months of 1978 totalled actual sales of DM15.8m. (€1.5m.)—23.8m. (€2.3m.)—up on an interim report on the first three quarters of 1978. Domestic sales, in cash terms, showed a can peso, which has hit VW's increase of 23 per cent. rising from DM4.78m. to DM5.81m. makes predictions difficult. Herr Toni Schmücker, VW's 10 per cent. from DM3.6m. to chief executive, said in July that DM3.8m.

FRANKFURT, Nov. 19

Unit sales to the motor trade, for the concern as a whole, went up by 6 per cent. on the same period of the previous year to reach just under 1.5m. vehicles. Actual deliveries to customers world-wide totalled 1,996,000 as in the first three-quarters of 1978. Deliveries of VW, Audi and NSU models to customers in the Federal Republic during the period under review rose by 13 per cent. or 63,000 units, to 534,000 vehicles. At the same time, the group's "Golf" model captured 8.8 per cent. of the market, to become the biggest-selling car in the West German market. The VW group's share of the market rose from 27.1 per cent. to 27.4 per cent.

EEC to raise \$500m.  
Euro loan shortly

BY DAVID BUCHAN

BRUSSELS, Nov. 19.

THE EUROPEAN Community is likely to raise a \$500m. Euro-currency loan in the very near future, caused by Britain's refusal to renew its \$450m. share of the Italian loan after December 9.

But the decision to go to the market will only be taken after the EEC Finance Ministers have met in Brussels on Monday. The seven EEC members (excluding of course Italy and Britain) could decide to meet the shortfall in the Community's medium-term loan to Italy, given in 1974, by increasing their shares of the loan out of official reserves. However it is understood that most governments, and in particular

the French, are unwilling to do this at a time of general stringency.

EEC officials have sounded out various banks, including Orion, European International Banking Company, Morgan Guaranty, and Europartners—in effect the same lead banks that participated in the \$300m. syndicated credit that the Community raised last March. The officials reckon that the probable interest rate would be "less than 1 per cent." over the London Inter Bank Offered Rate (LIBOR) over five years.

Although the rate would at first float, the feeling here is that the EEC would do its best to have it fixed at a later date, if only because governments prefer not to have their commitments open-ended. The Germans in particular are expected to argue for a fixing of the rate as speedily as possible.

BRIMA, MALTA, Nov. 19.

FIAT HAS signed a 20m. dinar deal with the Libyan Government for the setting up of a plant that will assemble and build 4,000 trucks and buses a year.

The plant will be set up at Tajoura near Tripoli. According to official Libyan sources, the agreement, which was signed between ranking Fiat officials and the Libyan Minister for Industry, Jadallah Azzouz Attahli, covers an annual investment by both parties of 50m. dinars. The plant will employ 900 men.

## Montesidon prevarication

BY DOMINICK J. COYLE

ROME, Nov. 19.

THE ITALIAN Government, not for the first time, is endeavouring to face both ways on the future of the vast, tangled and financially-troubled Montesidon group whose turnover last year amounted to Lire 3,518m., or more than £2.5bn.

The Christian Democrats, who form the present minority government, would like Montesidon to maintain at least the pretext of being a mixed 50-50 private and state-sector conglomerate, while both the Communists and Socialists, whose tacit support in parliament now keeps the group's long-term investment programme and its recent dismal record in terms of profitability.

The government's own economic advisers are understood to have argued that further investment in Montesidon should be co-ordinated in the overall industrial reconversion programme which the Andreotti administration has announced in principle, but without giving much specific detail.

being sought immediately by Sig. Eugenio Cefis, the company president—and the major political parties in parliament are using the occasion once again to look at the entire Montesidon set-up. This includes not just the day-to-day management of what critics describe cynically as the "Cefis empire," but also the group's long-term investment programme and its recent dismal record in terms of profitability.

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Chemical fibre losses  
curb Akzo recovery

BY FRISCO ENDT

ROTTERDAM, Nov. 19.

AKZO NV, the Dutch fibres, third quarter loss per share decreased from FL1.61 to FL0.80. Akzo's board describe the third quarter result as a mixed picture, the main production groups—chemical, pharmaceutical and consumer products—showing significantly better results, but the decline in chemical fibre sales and results making the total result a disappointment.

Sales increased 14 per cent. in the first nine months from FL7.04bn. to FL8.09bn., third quarter sales rising by 5 per cent. from FL2.35bn. to FL2.51bn. Profits per FL20 nominal ordinary share in the first nine months were FL0.03 against last year's loss of FL0.22, while the increase was 14 per cent.

## APPOINTMENTS

Main Board post at  
Common Brothers

Mr. A. C. Griffiths has joined DONALD and Co., as works the main Board of COMMON director. Mr. D. T. Allen, who is ROYERS and will be an executive director with mainly fiscal and commercial responsibilities, and Mr. J. R. Manshan has been made chairman and joint managing director.

LEAD INDUSTRIES GROUP states that the Antimony and Zircon activities of Associated Lead Manufacturers will be transferred to a new subsidiary company, ANZON from January 1. Mr. A. G. E. King has been appointed deputy chairman of R. Iley (chairman and managing director), Mr. M. Batey, Dr. D. S. the principal U.K. operating division of Istocck Johnson, and C. R. Goodman, Mr. R. G. Baxall succeeds him as special director (Europe) and managing director.

Mr. G. J. Logie becomes secretary.

Associated Lead Manufacturers Govier, have joined the Board of is being reorganised and the following Board appointments will take effect from January 1. Dr. R. Bell as managing director and Mr. A. Cooper, Dr. N. Henry, Mr. B. J. McConnell and Mr. R. Whitaker as directors. Dr. J. B. Nolan is appointed a local director and Mr. R. Davis a special director (overseas).

Mr. Hugh J. Arbutnot has been appointed vice-chairman of CAMPELTOWN SHIPYARD, and Mr. Leslie K. Howarth, general manager, has succeeded him as managing director.

Mr. D. Lloyd Jones has retired from the Board of the BRITISH ELECTRIC TRACTION COMPANY following medical advice to reduce his business activities. He will, however, continue as chairman of BETS subsidiary, United Transport Company in a non-executive capacity, and on the Board of another subsidiary, Canadian Motorways. Mr. Geoffrey A. H. Watts has been appointed an executive director of The British Electric Traction.

Sir Peter Forsley has been appointed chairman of ROBSON LOWE following the retirement as chairman of Mr. Robson Lowe, the founder of the company.

Mr. J. D. M. Cable, technical director of PLYSU, has retired. Mr. J. H. Bunker, group technical manager, has been made a director of its subsidiary, Plysu Containers.

Mr. C. McGeevor, formerly Cunard Steam-Ship, has been works manager, has been elected to the Board of JOHN Mac-



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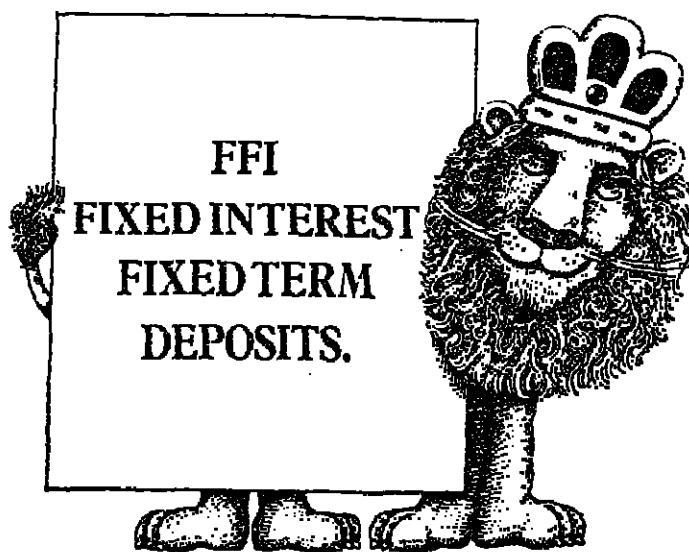
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SATURDAY, NOVEMBER 20, 1976

## The new money squeeze

THE PRICE of sterling and of bank deposits: if the banks' gilt-edged began to pick up in the middle of the week—the £600m. of 1982 stock issued only a few days previously was all sold—for two reasons: first, the belief that Mr. Harold Lever would succeed in getting the U.S. Administration interested in the problem of the sterling balances and second, that the International Monetary Fund officials at present in this country would insist on a more severe package of measures than the Government had originally envisaged as the condition of a \$3.9bn. loan.

The first belief turned out to be misplaced: if any international action is taken to deal with the sterling balances it will almost certainly be only after everything has been settled with the Fund. But the second may well be right. It became known on Wednesday that the Fund officials were staying in London rather longer than they had expected and that the Government would probably not be ready to announce details of its package until the middle of next month. And then on Thursday, after the markets had closed, the authorities announced two new financial measures—a ban on the financing of trade between third countries in sterling and the reintroduction of the corset, which penalises the banks if their interest-bearing deposits (which are the main part of the money supply) rise faster than a rate laid down by the Bank of England.

## Credit growth

The effect of the first measure which fits in well enough with the efforts being made to do something about the sterling balances, is to take us out of the business of financing international trade in which this country is not directly involved. It will have two effects. First, it will mean that the scope for leads and lags in the timing of ordinary payments, which tend to weaken sterling further when it is already under pressure, will be somewhat reduced. Second, it will mean that several hundred million pounds of foreign currency come back into the reserves over the next half-year.

This, it might be argued, is one reason for bringing back the direct control over the growth

of bank deposits: if the banks allow these to grow faster than a rate laid down in advance they will have to hand over funds to the Bank of England—the larger the excess, the larger the hand-over—which will bear no interest. But the Chancellor specifically gave as his reason the rapid increase in bank advances to the private sector which took place in the last banking month and which probably means that the money supply growth for that month (to be published on Monday) was embarrassingly large: the Government has to satisfy the Fund about growth of the money supply and looks as if it will have considerable difficulty in hitting its target.

## Spending cuts

This latest rise in bank advances may have been partly due to special factors, like leads and lags in payments and borrowing in anticipation of a credit squeeze: to the extent that these are no longer operative, the tightness of the squeeze will be eased, and Mr. Healey has stated that, with the help of the funds back from financing overseas trade, the banks should be able to satisfy the needs of manufacturing industry. But the guidelines laid down mean that the banks will be able to increase their deposits without penalty scarcely at all over the next six months. There is a risk that the squeeze on credit will have an unpleasant effect on an economy which is already moving only sluggishly forward, if at all.

There are three factors which may mitigate this risk. The first and most important is that cuts in public expenditure are now demonstrably needed to prevent the private sector from being deprived of funds in a way that would make nonsense of the Government's industrial strategy. The second is that, if these cuts are made, the Government will find it easier to sell gilts—£800m. of a new short-dated stock was issued yesterday—and that sales to institutions other than banks help to meet the public borrowing requirement in a non-inflationary fashion. The third is that the Bank of England has discretion to vary the scheme if necessary. But the risk remains.

Harder times for all types of borrower are here. Michael Blanden explains the workings of the new lending restrictions.

## Where the 'corset' will pinch

PERSONAL borrowers who are still prepared to pay the present high interest rates for a loan will be getting short shrift from their banks from now on. Even the manufacturing companies which the Government is anxious to encourage and help will not find accommodation as easy to come by as it has been. And though the general level of interest rates may come down a little from its current peak, there is little in the latest Government measures to encourage hopes of a substantial relaxation.

These will be the general effects of the reintroduction of the controls over banks which are generally known as the Bank of England's corset. Given the circumstances in which they have been announced, there can be no doubt that they imply a tight squeeze on the further growth of bank lending, in terms which will affect all customers and could present problems for the banks themselves. This is the first time since 1974 that anything approaching this degree of stringency has been imposed. And it is a mark of the strange times in which we are living that it has become necessary at a time when the economy generally is by no means buzzing with activity.

Credit squeezes are normally associated with periods of rapid expansion at the tail end of an economic boom. This one is being put into effect at a time when the U.K. has a high level of unemployment, when all the main economic indicators are suggesting that the economic recovery is at best going only slowly, and when the banks themselves remain substantially underlent in relation to the amounts they have agreed with their customers.

The decision to squeeze the banks is a reflection of the problems faced by the Government in bringing inflation down further and particularly in controlling the growth of the monetary aggregates. Even apart from the measures which the Government is expected to introduce shortly to reduce its own borrowing in order to satisfy the International Monetary Fund, it already faces a major difficulty in meeting the targets it has set itself for the current financial year.

The Government has committed itself to keeping the growth of the money supply—on the wider definition normally used—to 12 per cent. this year. On recent showing, this is going to be difficult if not impossible. Already extensive measures have been undertaken to help solve the problem. These have included a sharp jump in the Bank of England's minimum lending rate (MLR) to a record 15 per cent. (now reduced to 14½ per cent.), with the aim of helping to persuade the big institutions to buy gilt-edged

securities and avoid the official demand from their big industrial customers for finance for renewed expansion and investment.

They have also included substantial calls of special deposits from the banks, though the latest of these, the £350m. which was due to have been paid last Monday, has been postponed until next month to smooth out what appeared to be a threatened excessive tightness in the banking system. The latest moves represent almost the last shot in the official locker, short of returning to old-fashioned ceiling controls over bank lending.

Two factors have contributed to this situation. On one side, the large Government borrowing requirement—though expected to be reduced by the coming measures—is making heavy demands on the available funds. Success in selling gilt-edged securities has helped to reduce its impact on money supply, but the long-foreseen danger of "crowding out" the private sector now seems to be becoming a reality. On the other, in spite of the continued depression of the economy, bank lending to the private sector has been rising quite rapidly, and for all the wrong reasons. It is this growth

which appears to have been an important contributor to the further rise of around 1 per cent. in the money supply in the October banking month expected to show up in Monday's figures, which following the earlier sharp rises leaves only another 2½ per cent. or so until March if the target is to be met.

Bank lending has been showing a fairly consistent upward trend since last March. At a rough estimate, making allowance for seasonal influences, lending to the private sector by the London clearing banks may have increased by around £1½bn. over the past seven months. In the period to mid-October itself, there was a further underlying increase of perhaps £200-£300m. which helped to account for the further monetary growth. And the banks continue to maintain that they find little evidence of a significant resurgence of

the switch of borrowing and resources by big companies among banks and the market to take advantage of small interest rate differentials which can produce a large profit on the vast sums of money involved. None of these types of demand for bank finance, with the possible exception of stock finance, can be regarded as contributing to the real recovery of industry and the economy, and some can be regarded as positively destabilising influences. But in the effort to reduce the overall growth of lending, there can be no doubt that the authorities will also run the danger of damaging the prospects of genuine expansion in manufacturing industry.

Together with the peak interest rate levels required by recent monetary policy, the measures imply a direct threat to the industrial strategy. The terms of the squeeze

appear to imply that there is very little room left for any expansion in bank lending over the next six months, or so. The corset technique does not act directly on lending, as did the old forms of credit restraint. Instead, it limits the ability of the banks to increase their own resources in support of higher lending by imposing stiff penalties if they exceed a pre-set figure for the growth of their interest-bearing resources. In effect, this means that the most flexible source of their funds, buying in the open money market, is more or less closed to them.

Moreover, the limits set are very tight. Growth of the banks' interest-bearing resources is to be no more than 3 per cent. over six months; if they go beyond that, they will incur penalties in the form of non-interest-bearing deposits which they will have to place with the Bank of England, on a sliding scale related to the degree of their excess expansion. Given that the basis for calculation is the average of the three months up to October, when the relevant resources were growing quite fast, none of the banks will have much room for growth in the next six months and some may actually have to cut back.

There may be some relief for the banks from the repayment of sterling loans abroad as a result of the new exchange control restrictions on the finance of third-country trade introduced at the same time, which was thought could bring back several hundreds of millions of pounds. But coming out of the banking system by the special deposits call there is no doubt that the measures impose a very tough squeeze.

The main sufferers will be the non-priority sectors, which have not been getting any significant increase in loans for some months anyway. Official guidance to the banks has continued to lay its emphasis on providing support for manufacturing industry, exports, and import substitution, while personal borrowers and customers in the financial and property sectors are low on the priority list.

Bank managers will be forced to turn away personal customers wanting to increase their borrowing. It is even possible, if the banks find that the squeeze is biting hard, that managers will be put in the uncomfortable position of actually requiring customers to reduce their call on the bank's funds. Similar restrictions will apply to the other low-priority sectors, and could be a cause of problems. The property sector, for example, has not been getting much additional bank support recently, but given its continuing difficulties it has not



The Bank's Governor, Mr. Gordon Blanden

## ADVANCES TO U.K. RESIDENTS BY ALL U.K. BANKS

	Aug. 75	May 76	Aug. 76
£m.	£m.	£m.	£m.
Total	29,859	31,002	32,659
In sterling	22,532	22,353	23,639
In foreign currency	7,327	8,649	9,020
Financial	6,386	6,796	6,842
Manufacturing	7,257	7,091	7,493
Services	8,665	9,413	10,046
Other production	8,645	3,586	3,904
Personal	4,020	4,116	4,252

Source: Bank of England

been in a position to reduce its reliance on bank funds, and a further squeeze could cause real anxieties. Even the manufacturing sector may present some problems for the banks. The Government hopes that the restrictions will still leave room for the banking sector to meet the requirements needed to support industrial expansion, even if this has to be on a rather smaller scale than otherwise and, to some extent, at the expense of other borrowers.

Indeed, there is still a little sign that the basic demand is there, and as long as interest rates remain at high levels industry has little incentive to borrow for new investment. But over the past couple of years industrial companies have generally negotiated substantial increases in borrowing limits with their bankers, even if they have not intended immediately to make use of them.

The present consequences of these developments is that the usage made of agreed limits at the banks remains low. Industrial companies are probably not taking up much more than a half the amounts which they have agreed to provide, whereas in periods of real growth the usage can rise to more than 65 per cent. or even more. These limits, moreover, cannot easily be cut back in the short term, but only as they come up for renewal. There are some signs that the banks

## Letters to the Editor

## Moderates

From Mr. D. Webster.  
Sir—Mr. James (November 15) has misunderstood the reaction of the Church of England to a resolution on trade unions and the closed shop debated at the General Synod.

As a member of the General Synod (and a member of a trade union) I believe we were "on a hiding to nothing" in debating this issue. Just as there have always been varying views on trade unions within the Church so there are on the closed shop. And this is reflected in the amended resolution passed by General Synod: while recognising the essential part played by trade unions in collective bargaining, considers that the principle of the closed shop raises questions of social policy and individual conscience.

Perhaps it was unfortunate that the Synod did not opt for an alternative amendment stressing that all working men and women should have an unfettered right to apply for a membership of a trade union and should be encouraged to take a full part in its activities, while recognising that there might be times when a man's conscience would not allow him to apply for membership.

Many of us believe that Christian workers should regard membership of a trade union as being as normal as membership of church and that their duty should be to join in and not to opt out.

For historical reasons, the scales of power have always been tilted initially on the management side and if this imbalance is to be redressed it can only happen as a result of solidarity on the other side. But there are circumstances when trade union proposals tilt the balance of power too far the other side and this can only be checked from within the trade union movement itself by the active participation of Christians and others with moderate views.

David Webster.  
53, Frant Road,  
Tunbridge Wells,  
Kent.

## Income

From Mr. M. Brook.  
Sir—It is now possible to have a tax-free income of £5,000 per annum by being unemployed. This is what a person with an investment income of £20,000 receives after tax. It takes £200,000 to produce an income of £20,000 per annum, which puts the unemployed in the capitalist class—it is as good as winning the pools! What sort of a country is this?

M. Brook.  
34, Foxholes Lane,  
Chislebury,  
Pudsey.

## Pensions

From Mr. G. Palmer.  
Sir—It seems that people who defend the system of index-linked public sector pensions do so by constantly quoting irrelevant facts. The latest such defence comes from Mr. B. Webb Ware (November 13).  
Mr. Webb Ware states that the pension increases are paid six months in arrears, and that income-tax is then payable on the increases. I would have thought that an increase six months late is infinitely preferable to no increase at all. Further, an increase in line with rising prices (rather than new months late) is a far better bet than the small increases provided by some of the better private pension schemes. As far as income-tax is concerned, we are all governed by the same rules. The fact remains that those who receive index-linked pensions have a far greater protection against poverty or lowering standards than those who do not receive them.

Mr. Webb Ware then goes on to compare salaries of top men in nationalised industries and private firms. This may suit his purpose, but those people are a minority. Why not compare manual workers and normal technical and professional grades? Of course, it must be realised that in any of these cases, proper comparisons cannot be made. Allowance could be made for differing benefits such as holidays, sick pay, working hours and job security, but what price could be set against an index-linked pension?

I have no objection at all to an exercise in pay relativities, but can Mr. Webb Ware, or anyone else, tell me what proportion of pay should properly be allowed to finance an index-linked pension? The answer, I believe, is No! This kind of system is so unfair. Private pension schemes cannot compete with the public sector scheme, and the differences cannot be measured in monetary terms, at least as far as pensions are concerned. What is more, several million working people, who are not members of group pension schemes, are limited in what they can do by the Inland Revenue. The maximum pension contributions they can make are limited to "only" 15 per cent. of earned income—if they can afford it.

There must be many instances of minorities being in either favourable, or unfavourable, positions. Parliament does something to do something about some of them. It is about time Parliament withdrew the privileged position it created for itself and those nearest to it, at least as far as pensions are concerned.

G. A. Palmer.  
11, St. Samuel and Partners,  
27, London Road,  
Bromley, Kent.

## Railways

From Mr. A. Scott.  
Sir—Mr. Bowick, in his letter about railway electrification (November 15), mentions Colchester to Harwich.  
Full benefit from this would not be achieved unless Stratford to Willesden is also electrified. This would permit through electric haulage of freight to both Tilbury and Harwich from as far away as Glasgow and thus make more use of the considerable capital sums already invested in the Great Eastern sector, which at present is cut off by a few miles from the much larger London Midland electrification to Birmingham, Manchester, Liverpool and Glasgow.

It would also be possible to run a passenger train from the populous Southend Barking, to an important destination (maybe Manchester, via Birmingham) on the Eastern main line. There could also be a similar passenger service from Harwich connecting with the night sailings and also serving Colchester and Chelmsford. Passengers would use the trains more if they did not have to get out and walk to the station. The Continental would have a direct connection to the north-eastern coast. A. H. Scott.  
102, Beeches Road, Chelmsford, Essex.

Clearly both natural gas and oil reserves are exhaustible at some time in the future, but an examination of the probable future U.K. energy supply and demand profile indicates to me that the real argument coming all with its neighbours, with whom it wishes to live in harmony and co-operation.

To jump to the wrong conclusion from this, however, and to speculate that the Ethiopian people may not be able to defend their territory and vital interests can only show a gross ignorance of the history of Ethiopia and the depth of commitment of the Ethiopian people to their nation. Any country which entertains such ideas, does so at its own peril. Tesfaye Demekle.  
17, Princes Gate, S.W.7.

Work  
From Mr. P. Heath.  
Sir—Must concur with the sentiments expressed by Mr. Stoneman (November 11) on the current and future plight of the construction industry. The design side of the industry, particularly in the private sector, is even more aware of the work which will not be coming forward to the constructors in 1977-78.

The construction industry is extremely flexible and resilient and while many design firms are reporting more than 70 per cent. of their current work load to be kept and more than 90 per cent. of future prospects in overseas work, the majority of those employed in the industry cannot be so easily transferred to the export sector. Underemployment of human and physical resources will intensify in 1977-1978.

It is saddening to note that a vast proportion of public expenditure is still employed in keeping the central and local government offices fully staffed. Despite the slack demand, planning permissions are taking even longer to process than they did during the recent development boom. Our colleagues in local government are being kept busy updating strategic plans etc. Parkinson's Law continues to rule!

From the First Secretary (Press), Ethiopian Embassy.  
Sir—Your special correspondent in his report about Ethiopia (November 10) seems to have been inspired by guesswork rather than an objective analysis of the situation prevailing in the region. His speculation centres around the issue of a possible clash with Somalia and the current situation in the administrative region of Eritrea.

The Embassy would like to correct some of the blatant examples of misjudgment in the article. Whatever historical claim Ethiopia might have had on the territory has been renounced by the declaration made at the Kampala OAU summit by Ethiopia's Head of State. Furthermore, Ethiopia's policy towards the independence of the people of Djibouti is guided by the UN Resolution of 3,486 (XXV) which calls for the renunciation of all claims to territory, and the declaration of the OAU Liberation Committee (27th Session) calling on Somalia and Ethiopia specifically

to guarantee and respect the independence and integrity of the territory. Ethiopia's record shows that it is a peace-loving nation and does not entertain any notions of war, least of all with its neighbours, with whom it wishes to live in harmony and co-operation.

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# COMPANY NEWS + COMMENT

## Comben tops £0.6m. in first six months

ESTATE DEVELOPERS and house builders, Comben Group reports pre-tax profits up from £125,888 to £600,353 in the half-year ended September 30, 1976. Sales advanced from £6.31m. to £8.21m.

The directors say the decline during the past two years in profit margins has been arrested and that together with an increase in volume of houses sold and a contribution of £1,000,000 from the French subsidiary has resulted in the substantial increase in profit. It is expected that this trend will continue in the second half.

The interim dividend is maintained at 0.45p net per 10p share. The 1975-76 total was 1.45p from pre-tax profits of £1.32m.

Tax charge in the half-year is £120,000 (£220,000). An amount of £174,119 (£285,014) is retained. The Board has discontinued the policy of adding interest to land being held for development when in the Board's opinion the resultant book figure would exceed estimated net realisable value in normal course of business.

Pre-tax profit is the net figure earned after a write-off of interest incurred in the period. Comparative figure adjusted by half the total interest shown as having been added to the value of land for development in accounts for year to March 31, 1976.

The group is a subsidiary of Carlton Industries, itself a subsidiary of London Merchant Securities.

### comment

The fact that the Comben Group has decided to stop adding interest charges to the value of land being held for development is a sign of the sort of conservative trend the market must appreciate, especially when it leaves pre-tax profits 43 per cent. up on the adjusted figures for last year's first half. At present the volume of houses built is being maintained at around 1,000 for the full year, which could mean an increased share of a shrinking market. Foreign loans are less of a headache as foreign revenue increases and the actual losses are reduced, so we might expect final profits of around £1.3m., some 37 per cent. up on last year's, after excluding the £570,000 of capitalised interest. If the dividend is maintained at last year's rate, the yield would be 16.5 per cent. on a share price up 2p to 14p.

## Macanie interim loss

CLOTHING manufacturers Macanie (London), a subsidiary of Courtall, turned in a pre-tax loss of £5,000 for the six months to June 30, 1976, against a profit of £161,000.

The Board states that results in the second half are showing an improvement and profits for the year are expected to approach the 1975 total of £280,846.

The interim dividend is held at 0.35p net per 10p share. Last year's total was 1.90p.

Sales rose slightly to £9.52m. (£9.33m.). Before accounting for minority interests the net figure was a loss of £16,000 (profit £73,000).

## W. Bromwich Spring profit downturn

Profit of the West Bromwich Spring Company fell from £245,000 to £173,000 in the first half of 1976 before tax of £200,000 against £128,000. Turnover was down £1m. to £11.29m. Earnings per 10p share were 2.07p (2.25p). The net interim dividend is stepped up from 0.240p to 0.25p—the previous total was 0.021p from pre-tax profits of £412,177.

## Results due next week

The list of major company results is headed next week by third quarter figures from ICI and Commercial Union. Tesco, Johnson Matthey and the 600 Group are producing first half results.

The third quarter at ICI is seasonally a quiet time and all the major U.S. chemical companies bar one have announced lower profits as compared with the second quarter. However, the June rights issue and currency benefits should cushion the fall. On past form, a part of the currency gain on the current account, a 25 per cent. rise in sales lifted profits by only 74 per cent. and it seems likely that this trend of squeezed margins is continuing in

## DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding year	Total for year	Total last year
Barrow Milling	0.8	—	5.5	11.8(d)	8.0
C. H. Industrials	0.75	Feb. 7	0.51	—(a)	1.03(b)
Comben Group	0.45	Jan. 5	0.45	—	1.43
Caillen's Stores	0.85	Dec. 17	0.65	—	4.15
David Dixon	1.5	—	1.5	2.37	2.37
Ferguson Industrial	2.1	Jan. 19	2.1	—	4.93
Gramplan TV	0.8	Jan. 7	0.35	—	1.63
Allan Kennedy	0.34	Jan. 21	0.9	—	2.67
Macanie (London)	0.34	Jan. 7	0.34	—	1.61
Marston	0.35(c)	Jan. 1	0.35	45	33
W. J. Spear	0.35(c)	Jan. 21	0.33	65	73
Warner Holidays	0.35	Dec. 31	0.33	—	1.32
W. Bromwich Spring Int.	0.35	Feb. 2	0.25	—	1.04
W. Bromwich Spring Int.	0.3	—	0.24	—	0.99

Dividends shown pence per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. (a) Total of 1.535p in 1975-76 for 14 months. (b) South African. (c) Gross for 15 months.

## J. W. Spear helped by exports

SALES OF games and toys manufacturers J. W. Spear and Sons for the six months to June 30, 1976, are up from £2.02m. to £2.30m. and pre-tax profit fell 4.05 per cent. from £712,067 to £683,221.

Chairman Mr. J. R. Spear says that rising costs could not higher selling prices, but increasing export business proved helpful.

Interim dividend is stepped up from 0.325p to 0.35p net per 25p share. Last year's total was 1.324p from profits of £1.84m. The directors intend to recommend a dividend of 4 pence per share.

The company is also investing in local programming in the first half of the year and it is intended to maintain local programme at this level.

The company is also investing in local programming in the first half of the year and it is intended to maintain local programme at this level.

### comment

Spear's interim figures are fairly much in line with expectations. Sales are up 18 per cent. and pre-tax profits are 4 per cent. lower. Profit margins, before taking in associate profits, are lower by a fifth at 24.8 per cent. but that is hardly surprising given the holding its own in volume, with sales up 18 per cent. and pre-tax profits down 4 per cent. lower. Profit margins, before taking in associate profits, are lower by a fifth at 24.8 per cent. but that is hardly surprising given the holding its own in volume, with sales up 18 per cent. and pre-tax profits down 4 per cent. lower.

The chairman repeats the statement made in the 1975 report and accounts that turnover in 1976 will constitute another record, but profits may not reach the level attained in 1975.

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The fact that the Comben Group has decided to stop adding interest charges to the value of land being held for development is a sign of the sort of conservative trend the market must appreciate, especially when it leaves pre-tax profits 43 per cent. up on the adjusted figures for last year's first half. At present the volume of houses built is being maintained at around 1,000 for the full year, which could mean an increased share of a shrinking market. Foreign loans are less of a headache as foreign revenue increases and the actual losses are reduced, so we might expect final profits of around £1.3m., some 37 per cent. up on last year's, after excluding the £570,000 of capitalised interest. If the dividend is maintained at last year's rate, the yield would be 16.5 per cent. on a share price up 2p to 14p.

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vision in the half year amounted to £140,000. The board is apparently examining how it can dispose of this regular "extraordinary" provision. In view of the substantial size in current liabilities compared to current assets it might be worthwhile to substitute debt which is medium term as well as being in sterling. Lower trading profits are forecast for the second half but at least the Christmas holidays are fully booked. The shares, at 14 1/2p, yield 11.3 per cent.

## Ferguson Industrial increase

FIRST HALF (to August 31, 1976) sales of Ferguson Industrial Holdings increased from £10.34m. to £11.14m. and pre-tax profit rose from £244,288 to £261,003, after £172,000 (£168,000) for the first quarter.

The half year's profit is struck after increased interest charges of £241,147 (£244,821).

The current half-year has started well, the directors state. Allan Kennedy, of which Ferguson owns 85.6 per cent., produced a pre-tax profit of £60,443 of which only £24,000 taken into account for group purposes. An unchanged dividend of 2.1p net is declared. Last year's total was 4.932p per 25p share from profits down to £678,631 (£691,053).

The business is that of builders and plumbers' merchants, etc.

### comment

The current period commenced with a reasonable order book, hence the satisfactory results to date, the directors state. Since that time, however, work has become increasingly hard to obtain and they cannot see any prospect of an improvement in the position in the short-term. In the circumstances, they do not envisage that the same rate of profit can be maintained in the remaining five months of the 11 months period to February 28, 1977. During the year end in line with Ferguson.

### comment

Ferguson proposes to close its offer for Kennedy. Holders of the 14.4 per cent. interest not owned by Ferguson who wish to accept should do so not later than December 6, it is stated. Kennedy manufactures industrial floorings, etc.

### comment

A 154 per cent. leap in interest charges has cut Ferguson Industrial's pre-tax profit to £261,003, or 17 per cent. of the pre-tax level, against a 45 per cent. rise in sales. Judging by the sales growth, volume has so far been fairly buoyant, but with the bulk of the year's sales yet to come, supplies to the building industry, conditions must inevitably be tough as the year progresses. With Allan Kennedy's contribution of £60,443, the second half of HNE expects to reach £260,000 for its first-time inclusion of eight months, full-year profits should at least be equal to the £260,000 of 1974-75. However, the contribution of £260,000, the second half of HNE expects to reach £260,000 for its first-time inclusion of eight months, full-year profits should at least be equal to the £260,000 of 1974-75. However, the contribution of £260,000, the second half of HNE expects to reach £260,000 for its first-time inclusion of eight months, full-year profits should at least be equal to the £260,000 of 1974-75.

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## BIDS AND DEALS

## LASMO and SCOT agree terms

After more than a year of negotiations, the Boards of LASMO and SCOT, the investment consortium with a combined 9 per cent. stake in the Vinland Field, have agreed on a basis for a merger.

This may herald a listing of the Ordinary shares in the combined company by perhaps the second quarter of 1977. Such a listing may also include further plans for fund-raising from the Stock Exchange.

Terms are 4 LASMO shares for every 7 SCOT shares which the consortium said the shareholders should give LASMO 70.6 per cent. of the equity and SCOT holders 29.4 per cent.

Plans are afoot to consolidate the two companies' Oil Production Stock Units and Unsecured Loan stock issues on a pound for pound basis, on which the present merger has no bearing.

### FRANCIS PARKER

### £25M. SALE

FRANCIS PARKER, the house-building and concrete product company, said it had agreed to sell its plant and equipment in one of its subsidiaries to Amey Roadstone in a deal worth £24m.

Under the transaction, Francis Parker has sold to Amey Roadstone its ready-mix concrete plants and delivery vehicles together with grading equipment and other plant and equipment.

The value of the sale exceeds the attributable book value. The company says that proceeds of the sale will help reduce group cash resources to £278,631 (£291,053).

### comment

The fact that the Comben Group has decided to stop adding interest charges to the value of land being held for development is a sign of the sort of conservative trend the market must appreciate, especially when it leaves pre-tax profits 43 per cent. up on the adjusted figures for last year's first half. At present the volume of houses built is being maintained at around 1,000 for the full year, which could mean an increased share of a shrinking market. Foreign loans are less of a headache as foreign revenue increases and the actual losses are reduced, so we might expect final profits of around £1.3m., some 37 per cent. up on last year's, after excluding the £570,000 of capitalised interest. If the dividend is maintained at last year's rate, the yield would be 16.5 per cent. on a share price up 2p to 14p.

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operate its gravel pits and such dredgers and will have the benefit of an aggregates supply agreement with Amey Roadstone.

When it was first announced that the company had entered into discussions with Amey Roadstone, it was said that negotiations could involve the whole or part of Francis Parker's marine and land based gravel and ready-mixed concrete interests. Total book value of the assets involved was about £2m., representing some 25 per cent. of gross assets, against the company's £8m. net worth. It was said that the sale was intended to cut borrowing, which in August amounted to about £1.5m.

Plans are afoot to consolidate the two companies' Oil Production Stock Units and Unsecured Loan stock issues on a pound for pound basis, on which the present merger has no bearing.

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## UNIT TRUSTS

## King & Shaxson Govt. Secs. Bond

The Individual Life Insurance Company is promoting King and Shaxson's Government Securities Bond this weekend, the minimum investment requirement being £1,000. Individual Life is part of the Schroder Life group and King and Shaxson is one of the London discount houses.

Management charges are 5 per cent. initially, then 4 per cent. per annum. Investors can cash in their investment in part or in their entirety.

The appeal of the King and Shaxson Government Securities Bond is that at least the managers have their aims clearly defined. They do not talk much about the long-term advantage of high interest rates, but more of making the most of opportunities for capital gains. So far this policy seems to have been reasonably successful.

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### SURINVEST

### AMERICAN INDEX TRUST

This week's Surinvest American Index Trust is making an issue of up to 100,000 participating shares at 10p each, fully-paid at £10 each. This fund provides residents of the Scheduled Territories with a simple vehicle for investing in the U.S. stock market in a way which is likely to perform closely in line with the Dow Jones Index. The custodian is Midland Bank Trust Corporation (Jersey) and the minimum application requirement is 50 participating shares.

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## PICCADILLY SHARE EXCHANGE

Piccadilly Unit Trust Managers, a member of the King and Shaxson group, has launched the Piccadilly Share Exchange Plan, which enables investors to switch their equity portfolio for unit investments in a wide range of funds covering a wide range of equity investment opportunities. The plan is managed by the group, on a wide range of equity investments. The offer is available to holders of at least £500.

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## Lucas ready for more growth

THE chairman of Lucas Industries, Mr. Bernard Scott, says in his annual statement that the group's market base is broader than most realises and that the domestic difficulties may be, for the group, a further reason for progress.

Future opportunities in Europe, U.S. and elsewhere overseas encourage the Board and are countervailing influences of importance.

Nonetheless, it is to be hoped that such economic measures by the Government that may be in prospect will be so shaped as to support and not hinder those manufacturing enterprises of export achievement or potential and in particular the group's automotive industry, the chairman says.

Technologically based manufacturing companies must have the very best modern equipment and facilities to ensure that products are suitable; available to meet the market; hold as to time and quantity and at the lowest cost consistent with unmatched quality. "We must not be deluded that vicissitudes of the pound will provide easy or continuing export success or protect us from more efficient competition," says Mr. Scott.

Confidence and opportunities give full grounds for the spending of £80m. of the £100m. investment plan at home which in the future will bring not only better and secure employment but continuing prosperity for the group.

As reported on November 9 with the chairman's comments on the current year, the group turned in pre-tax profits of £33.5m. for the year ended July 31, 1976, a rise of £22.5m. on the previous year. Turnover was £719.3m. an increase of £140.1m.

The sales of the group's aircraft business increased in the year from £71m. to £90m. Great efforts have been made by the whole Lucas Aerospace workforce to increase both turnover and profitability but the return is still inadequate and the drive for planned expansion continues. During the current year the group can expect to see the conclusion of further unprofitable fixed-price contracts.

Directors are carefully monitoring all the proposals and discussions between governments and manufacturers in the U.K., Europe and the U.S. on future civil projects to ensure that as and when agreements are reached Lucas Aerospace will be ready and able to get the maximum share of the business.

Continental Europe continues to December 14 at 5 p.m.

## Expansion at Clifford-Snell

The improved production momentum at Clifford and Snell has continued into the current year and directors are being made to obtain orders that will keep pace with this improvement, the chairman, Mr. G. F. Marshall, says in the annual report.

Sales teams have been active in the Common Market and Scandinavian areas with increasing success, particularly in respect of the group's emergency position indicating beacon. Overall sales of marine products are being well maintained in a depressed market.

For the year ended March 31, 1976, pre-tax profits were £93,782 against £87,838 previously. Turnover, being sales of electrical and electronic equipment, amounted to £1,324m. (£1.1m.).

The chairman says it is disappointing that when turnover increased by 38 per cent., pre-tax profits improved by only 9.29 per cent. Gross profit rate was reduced by 8 per cent., but remains at an acceptable level.

As predicted last year, bank borrowings, which ran into high figures during 1975-76, has been largely wiped out. This is all the more commendable, says Mr. Marshall, when stock and work in progress remains high—"one of the inevitable burdens of our specialised product range."

Meeting, Croydon, Surrey, December 14 at 5 p.m.

# SUMMARY OF THE WEEK'S COMPANY NEWS

## Take-over bids and mergers

Booker McConnell entered the bid field for the second time in a month when it announced late on Thursday an offer of 200p cash per share for Kinloch (Provision Merchants). BM had over recent months built up an interest of just over 84 per cent. in Kinloch and hurried to its latest offer following advice that there had been some "unnatural activity" in the Kinloch share price.

The offer is conditional on receiving the support of the Kinloch Board, and its success would virtually double BM's U.K. food distribution interests.

In line with its recent activity in acquiring sterling assets and earnings, Lounho came out with a 22p per share cash bid for the 70.1 per cent. of London City and Westcliff Properties Ordinary shares it did not already own; on Wednesday, the company announced that it had by then increased its stake to just over 51 per cent., having left a buying order in the market at the full bid price.

Lounho is also bidding 55p cash for each L.C. and W. 4.2 per cent. Preference share. Shareholders have been advised by the non-Lounho directors of the Board to await advice which will be based on considerations about the "adequacy of the offer in relation to the value of the assets."

Gross Cash Registers joined the list of companies bid for following an agreed offer from security equipment makers Chubb. Terms are one Chubb Ordinary plus 10p for every 5 Gross Cash; the latter's directors and certain other holders have irrevocably accepted in respect of 58.6 per cent. of the shares and the company advises that it is vital for the future development of Gross Cash that it becomes part of a larger and financially stronger group.

Agreement has been reached between S. Pearson and Embankment Trust under which the former will bid for the 9,081,955 Ordinary shares of 25p in Embankment not already owned and for the £2,322,418 44 per cent. Convertible Unsecured Loan stock, 1973-88. Embankment directors are recommending acceptance of the offer, 70p cash for each Ordinary share and £80 cash for each £100 nominal Loan stock.

Rentokil's Danish holding company, Sophus Berendsen, has purchased a further 100,000 Rentokil shares which leaves less than 35 per cent. of the latter in public hands and results in Rentokil reverting to a close company.

As foreshadowed in *Clarified* 17m. "rights" offer document, the company has agreed in principle to acquire Pyrotektor Inc., one of the leading producers of fire detectors and alarms in the U.S.A. An initial \$4.75m. is to be followed by further payment to a total maximum consideration of \$8m. depending on Pyrotektor's performance over the first full year of operation.

The offers for *Tea* (Distillers), *Hall-Thermostat* and *Robert Farworth* were all declared unconditional, while the Benjamin Priest offer for *Crane's Screw* has lapsed in favour of the bid from *Armstrong Equipment*.

Company bid for	Value of bid per share k	Market price k	Price before bid (2m's) k	Value of bid before bid (2m's) k	Bidder	Final Acc't date
Crane's Screw	21*	21	18	0.46	Armstrong Equipment	—
Dejoo Tea	200*d	95*	95*	0.2	Stewart Hall	—
Dunlop Tea	200*d	95*	95*	0.2	Stewart Hall	—
Dunford Elliott	34	29	16	3.6	Johnston and	—
Embankment Trst.	70*	64	48	6.4	S. Pearson	—
Equity Enterprises	34	13*	18*	0.2	Messrs. J. Daly & Sons	—
Graft Diamonds	25*d	30	24	0.4	Sandstar	—
Gross Cash Reg.	12.2	15	16	1.2	Chubb	—
Harvatt Tea	200*d	95*	95*	0.2	Stewart Hall	—
Ingersoll	30*	34	25	0.8	Lap Berg	—
Isle of Man Assurance Inv.	62*d	62	60	0.6	Douglas Esst.	—
Kinloch	200*d	135	133	10.7	Booker McConnell	—
Lounho Secs.	120*	130	101	1.9	Royce Group	—
Lohn City & Westcliff Props.	22*d	221	131	13.5	Lounho	—
Loyal Shipping	125*d	135	100	0.3	British Electric	—
Messrs. (Assam)	90*d	86	47	0.15	McLeod	26.11
Manbre & Garton	200	200	150	47.9	Tate & Lyle	—
Midland Cattle	162*	160	165	3.9	Thos. Borthwick	—
Midland Cattle	127*	83	70	8.8	Palmerston	—
Officer Pel Control	200*	200	200	0.2	Thorn Elect.	—
Rentokil	67.1*	65	60	0.7	S. Pearson	—
Rentokil	41*	51	31	0.5	Capper Neill	—
Rentokil	31*d	31	30	0.9	Arthur Lee	—
Rentokil	25	25	26	0.6	William Press	—
Southern India Tea	35*	33	30	0.8	Travancore	29.11
Walker (C. & W.)	100*d	104	132	0.5	Berry Best	—

\* All cash offer. b Cash alternative. c Partial bid. d For capital not already held. e Combined market capitalisation. f Date on which scheme is expected to become operative. k Based on 18/11/76. \* At suspension. † Bid.

## PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)	Earnings per share (p)	Dividends per share (p)
Barton Transport	Sept. 25	343	(49)	23.5
Clyde Blowers	Aug. 31	287	(203)	13.7
Thos. Borthwick	Sept. 30	8,052	(4,674)	15.3
John Carr	Sept. 30	2,021	(1,346)	9.3
James H. Dennis	Aug. 31	392	(358)	6.8
Episcure Ridge	June 30	15	(125)	0.2
Frederick Foods	Sept. 30	45	(238)	0.2
Jenks & Cattell	July 31	235	(339)	10.3
Laurel	Dec. 31	84	(30)	7.2
Laurel	July 31	151	(151)	0.1
Mills & Allen	June 30	1,081	(1,492)	0.1
Morland	Sept. 30	702	(541)	30.7
Morland	Sept. 30	1,445	(1,102)	11.8
Peak Investments	May 31	191	(223)	1.8
Talbot Group	July 31	2,284	(69)	(0.5)
Town Centre Secs.	June 30	332	(118)	1.1
Welko Hlgs.	June 30	467d	(31)	3.6

Essex Water: Offer for sale by tender £4m. 9 per cent. Redeemable Preference stock 1982 at 104 per cent. minimum price.

Offers for sale, placings and introductions

Essex Water: Offer for sale by tender £4m. 9 per cent. Redeemable Preference stock 1982 at 104 per cent. minimum price.

## INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)	Interim dividends* per share (p)
Aarow	Sept. 30	4,014	(3,003)
Asp spinning	Sept. 30	28	(125)
Beecham Group	Sept. 30	55,400	(35,000)
Belgrave (194 ka lb)	July 31	111	(94)
J. Blum	June 30	74	(80)
Century Oils	Sept. 30	623	(223)
L. Gannons	Aug. 31	102	(37)
Channerman & Hill	Sept. 30	50	(212)
Lemont Clarke	June 30	426	(402)
Cocksedge	Sept. 30	127	(90)
Cope Sportsware	June 30	130	(91)
Courageux	Sept. 30	21,300	(22,100)
Godfrey Davis	Sept. 30	1,122	(1,248)
James Dawson	Sept. 30	197	(270)
Dundonian	Sept. 30	35	(15)
Edge Tool	Oct. 2	678	(255)
Eucalyptus Pulp	June 30	1,800	(1,218)
J. Folkes Hlco	June 30	1,829	(1,322)
GE International	Sept. 30	1,504	(1,173)
Gr. Portland Ests.	Sept. 30	1,24	(1,108)
H.A.T. Group	Aug. 31	1,239	(1,178)
C. E. Heath	Sept. 30	3,650	(1,798)
Hickling Peacock	Oct. 2	183	(164)
Held Brothers	Oct. 1	143L	(107)
Highgate & Job	Sept. 30	87	(132)
Interim Paint	Sept. 30	9,500	(7,037)
Lanmont Hlgs.	June 30	63L	(148)
Land Securities	Sept. 30	8,238	(8,013)
L.C.P. Hlgs.	Sept. 30	2,631	(1,965)
P. H. Hlco	Oct. 2	2,520	(1,742)
Ldn. & Northern	June 30	3,159	(4,909)
Metals Box	Sept. 30	24,230	(12,300)
Natl. Carbonising	Sept. 30	32L	(103)
N. N. Nichols	Sept. 30	258	(201)
Northwest Hlco	Sept. 30	1,828	(438)
Ocean Wilsons	July 31	1,293	(968)
Orbit Printing	June 30	31L	(35)
P. Pato	June 11	189L	(206)
Redland	Sept. 25	16,790	(10,280)
Royal Insurance	Sept. 30	53,100	(22,600)
Shillbaker Price	Sept. 30	408,300*	(219,600)
John Stephen	Feb. 25	112L	(191L)
Ultramar	Sept. 30	11,118*	(15,827)
Unilever	Sept. 30	408,300*	(219,600)
Tinners	July 16	87L	(330)
Walker & Staff	Sept. 30	61	(133)
Wedgwood	Oct. 2	2,547	(3,120)*
Whitbread Distn.	Sept. 11	2,400*	(1,628)
Wright Construction	July 31	542	(211)
F. W. Woolworth	Oct. 31	22,554*	(21,706)
Young & Co's Bwy.	Sept. 30	850	(594)

(Figures in parentheses are for corresponding period.)

Dividends shown net except where otherwise stated.

\* Adjusted for any intervening scrip issue. † For 9 months. ‡ For 26 weeks. § Net. ¶ For 24 weeks. A Ltd. only—NV: P18.320 (P15.253). b For 15 months. c Gross. d For 18 months. e For 12 months. f For 27 weeks. L. Loss.

## Rights Issues

Associated Engineering: One-for-four at 54p each.

City of Aberdeen Land Association: Two-for-seven at 50p each.

## Scrip Issues

A. E. Jenks and Cattell: One-for-three.

Stoddard Holdings: One-for-one in "A" Ordinary shares.

## Sime Darby poll vote

BY OUR OWN CORRESPONDENT KUALA LUMPUR, Nov. 19.

SHAREHOLDERS of Sime Darby Holdings will be asked to decide on the future management of the Southeast Asian conglomerate through a poll vote. This follows the failure of the present British directors and Malaysian interests representing the state-owned Pemas concern to avoid an open confrontation at today's annual general assembly.

Chairman Mr. James Bywater said the date of the poll would be announced next week. Mr. Bywater spent much of the past two days meeting representatives of Pemas, and of Rothputra, nominees which set for it, to try to find a compromise. He even adjourned the annual meeting for three hours for further discussions, but his efforts failed.

Mr. Bywater also withdrew a proposal for a 55m. increase in the company's authorised capital. A spokesman for Rothputra nominees said after the meeting Rothputra would have opposed this increase.

Mr. Bywater estimated that 48 per cent. of Sime Darby's shares are held in Singapore, 36 per cent. in Malaysia, 10 per cent. in the U.K., and 6 per cent. in Hong Kong.

Rothputra and Pemas, which indicated at today's meeting that they could command more than 26 per cent. of the votes, are opposing the re-election of

## English and Caledonian

Gross revenue of English and Caledonian Investment Company for the six months to September 30, 1976, increased from £339,777 to £447,378. Net revenue after expenses, and after taxation of £188,225 against £122,764, emerged at £213,480 compared with £193,885.

At the half year, total assets, less current liabilities, at market value including full dollar premium of 481 per cent. (391 per cent.) where applicable, are stated at £41.15m. (£15.43m. at 25p share). As known, the interim dividend is maintained at 0.65p net, absorbing £93,600 (same). Last year's total was 2.2p from net pre-tax revenue of £220,688.

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## BIS recovery aids Burgess Products upturn

With problems at Burgess Industrial Silencing largely solved, Mr. W. Riddell, chairman, of Burgess Products Company (Holdings) is satisfied that the current year will see a return to the acceptable level of group profit.

He points out that the group's performance in the last three years has been affected very considerably by losses at BIS resulting from the cumulative effect of high removal and establishment costs and heavy losses associated with long-term fixed price contracts against a steeply inflationary background.

Strenuous efforts have been made to correct the BIS situation and to lay a foundation for future profitability. The 1975-76 figures show a reduction of the loss rate and the underlying trends are encouraging, says Mr. Riddell.

He reports that most of the difficulties stemming from the move have been overcome and the company is now a more stable and effective manufacturing unit. The order book is much healthier and there are clear indications that the current year will see BIS moving quickly towards profitable trading.

Group pre-tax profits fell from £168,590 to £104,225 in the year ended July 31, 1976.

A group funds statement shows that there was a net increase in bank overdrafts of £201,230 (£192,244). At the year-end overdrafts stood at £2m. (£1.8m.) and there was a medium-term loan from Midland Bank of £287,500 (£1m.).

Meeting, Hindley (Leics.), December 10, at noon.

## Swel Foods Expansion

Swel Foods, manufacturers of air dried foods, increased its turnover from £3.7m. to £4.18m. in the year ended April, 1976. Although this did not reflect a substantial increase in real terms, the net profit has risen from £179,845 to £229,530.

The chief executive, Mr. R. L. Trist, considers this satisfactory as the closing of one production unit cost the company over £50,000 in redundancy payments, plant write-offs, and other expenses, all charged against the profit.

He also pointed out that conditions were not favourable because of the continued drought, economic climate and inflation.

## Surinvest American Index Trust Limited

(Incorporated in Jersey under the Companies (Jersey) Laws 1961 to 1968)

SAIT provides residents of the Scheduled Territories with a simple vehicle for investing through the Dollar Premium in the United States Stock Market in a way which is likely to perform closely in line with the Dow Jones Index.

Surinvest American Index Trust Limited (SAIT) is an open-ended investment company incorporated in Jersey. It operates on similar lines to a Unit Trust or Mutual Fund in that, under its constitution, it will issue and redeem its own Participating Shares, subject only to the limit imposed by the authorised share capital of the Company, and any necessary governmental consents.

The Company is managed by Surinvest (Jersey) Limited and the Custodian is Midland Bank Trust Corporation (Jersey) Limited.

The chart shows the Dow Jones Index expressed in three different forms:—

1. U.S.S. 2. £ Sterling 3. £ Sterling plus the investment \$ premium

The light tinted area shows the added value due to the increase in the value of the U.S. \$ in terms of £ Sterling. The darker tinted area shows the added value resulting from the investment \$ premium.

The table within the chart shows a comparison between eight different forms of investment over the past 50 years, and the U.K. cost of living as represented by the Retail Price Index.

Investment in the Dow Jones Index via the Dollar premium and Silver stand out as the two most successful over most of the ten year periods. However this table makes no allowance for income, which would help the Dow Jones Index, and storage and insurance costs which adversely affect investment in metals.

SAIT aims to invest 90% of its funds through the dollar premium only in the 30 shares in the Dow Jones Index. The remaining 10% will be held in cash or gilt-edged securities in order to enable the Company to redeem up to 10% of its own shares without selling dollar securities.

Copies of the Prospectus, on the terms of which alone applications will be received, and forms of application can be obtained from

Argonaut (Jersey) Limited, P.O. Box 98, Channel House, Green Street, St. Helier, Jersey, Channel Islands

and

Surinvest Limited, Surinvest House, 140 South Street, Dorking, Surrey, RH4 2EU.

## Issue of up to 500,000 Participating Shares of 1p each fully paid at £10 each

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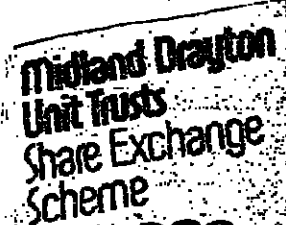
Argonaut (Jersey) Limited, P.O. Box 98, Channel House, Green Street, St. Helier, Jersey, Channel Islands

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The chart of the Dow Jones Index in £ is based on quarterly means. Conversions to £ and £ plus premium are based on annual mean exchange rates up to 1970 and quarterly mean rates thereafter.

# What will you get in exchange for your shares?



It isn't difficult to see why share exchange schemes are so popular. They put an end to the constant worry about which shares to buy or sell; the struggle to keep up with the latest market trends; the problems of maintaining a wide enough portfolio to spread the risk; and the tedious, time-consuming paperwork. But what do you get in exchange for your shares? To begin with, when you exchange your shares for Midland Drayton units you are investing in units with proven long-term performance. You have a choice of five trusts meeting a variety of investment needs, and all providing a far wider spread of investment than most individuals could achieve. And you have the benefit of professional management to take care of the problems that trouble the private investor. Provided that each of your shareholdings is worth £300 or more, your shares can normally be exchanged for the Midland Drayton units of your choice, in one simple transaction, on advantageous terms. So just send in the coupon, and we'll post you further details. It could be a change for the better.

To: Midland Bank Group Unit Trust Managers Limited, Courtwood House, Silver Street Head, Sheffield S1 3RD. Please send me details of your Share Exchange Scheme.

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## WALL STREET + OVERSEAS MARKETS + CLOSING PRICES

## Profit-taking checks rise

BY OUR WALL STREET CORRESPONDENT

PROFIT-TAKING checked the upward movement on Wall Street today, despite the generally bullish news background.

The Dow Jones opened another 3.64 up at 933.74, following yesterday's 12 point advance, but slipped back to close at 948.80, for a net loss of 1.33 on the day but still up 21.11 on the week. The NYSE All Common Index at 545.61, gained 6 cents on the day and 51.51 on the week, while rises led falls by 84 to 544. Trading volume further expanded 550,000 shares to 24,550.

Bullish news included a U.S. Consumer Price Index rise in October at the slowest rate in seven months, while Real Spendable Income improved.

General Motors shed \$1 to \$70.2, Sun Oil rose \$1 to \$42.11, plans to purchase up to 4m. of its own shares.

Harris advanced \$12 to \$32.1 on a 2-for-1 stock split and its pre-

diction of at least a 20 per cent earnings gain.

The American SE Market Value Index rose 0.63 to 100.04, making a rise of 1.49 on the week.

## OTHER MARKETS

## Canada up again

Canadian Stock Markets further recovered in moderate trading yesterday.

The Industrial Share Index rallied another 1.09 to 188.51. Golds 4.90 to 253.47, Bonds 1.08 to 78.00, Western Oil 2.58 to 201.63, Utilities 1.37 to 136.84, Banks 3.32 to 230.44 and Papers 1.73 to 104.12.

PARIS—Shares dropped back across the board in moderately active trading as investors reacted to the poor French trade figures released on Thursday.

All sectors were down. Trading on Parifrance and Metallurgique Normande was delayed because of heavy selling pressure. Other heavy losers included BNF, Presses de la Loire, Cressat-Lot, UTA, Hutchinson and ECT. Aquitaine fell 1.50 to 256.5.

Against the trend, Locabail, Penhoet, Alstom and Jeumont gained.

BRUSSELS—Prices rose in brisk trading, especially those of Belgian issues as the market reacted favourably to continued central

bank moves to ease domestic credit.

Higher Steels, Cockerill added 8.75 to 610. Intercom gained 8.75 to 1,615 in higher Utilities.

AMSTERDAM—Narrowly irregular in quiet dealings.

In international, Royal Dutch went ex-dividend, while Unilever fell 1.17 to 111.3, Akzo 50 cents to 112.35 and Philips 50 cents to 112.35.

GERMANY—Mostly higher. The Commerzbank index edged ahead 3.4 to 711.6.

Deutsche Bank put on DM2 to DM2.50, Dresdner Bank DM2 to DM2.50 and Commerzbank DM2.10 to DM2.18.

VW was helped by a report of strong sales growth in the first nine months and rose DM2 to DM1.88. BMW was up DM2.20 to DM2.11 and Daimler 80 pfennigs to DM3.80.

OSLO—Industrials barely steady, insurance and shipping quiet, banking easier.

VIENNA—Generally steady in light trading. Creditanstalt-Bankverein recovered part of yesterday's loss.

COPENHAGEN—Lower under tone. Industrials were irregular.

Stocks in 3.50, while Foreign Paper/Broker lower.

SWITZERLAND—Higher across a broad front, with gains exceeding 100 to 15 in

NEW YORK, Nov. 19.

moderate trading. Swiss Credit Bank index rose 1.4 to 203.

Insurance closed with no clear trend, but other sectors were slightly higher.

MILAN—Higher in active dealings on renewed demand.

Flint, Montedison, Sella Viscosa and Pirelli all showed fair gains in improved industrials.

HONG KONG—Rose further in continued quiet trading, mainly on mark-ups by dealers following firmness on overseas markets, with little real buying interest evident.

JOHANNESBURG—Gold shares were higher on the reflecting higher bullion prices abroad.

Industrials were firm.

TOKYO—Closed lower for the eighth consecutive session, with big-capital shares losing ground on the uncertain economic outlook.

Steel and Shipbuilding met large selling on EEC complaints against rising sales of Japanese steel and the Government's plan to cut the operation rate of the Japanese shipbuilding industry.

Industrials were mixed, with some recovery after the market sank to a new low for the year yesterday, and prices showed signs of bottoming out.

Craniams were strong, with Panconitential, rising 40 to 348.40 while Peko-Wallend, Western Mining and Oakbridge firmed.

## FRIDAY'S ACTIVE STOCKS

Stocks	Closing	Change
City Investing	22.00	+1.00
Occidental Petroleum	32.00	+1.00
Southern Copper	26.00	+1.00
Amer. Tel. Tel.	23.00	+1.00
Block H.R.	22.00	+1.00
General Motors	70.20	-1.00
Exxon	42.11	+1.00
Flow Chemical	19.00	+1.00
Mar. Int.	16.00	+1.00
Outboard Marine	12.00	+1.00

General Motors shed \$1 to \$70.2, Sun Oil rose \$1 to \$42.11, plans to purchase up to 4m. of its own shares.

Harris advanced \$12 to \$32.1 on a 2-for-1 stock split and its pre-

## NEW YORK—DOW JONES

NEW YORK—DOW JONES					
	Nov. 19	Nov. 18	Nov. 17	Nov. 16	Nov. 15
Industrial.....	\$48.89	\$50.13	\$52.86	\$55.54	\$58.25
Home Bldg. ....	90.25	90.08	89.97	89.50	89.00
Transport.....	221.90	221.95	218.40	215.44	212.00
Utilities.....	100.24	100.40	99.85	98.45	97.90
Trading co. WO's.....	24.550	24.000	19.500	21.020	16.000



## FT/Sotheby's review of the art market

E ECCLESIASTICAL insur-  
office is to sponsor one of  
concerts of the 1977 Three  
airs Festival at Gloucester  
August. The programme  
be Elgar's 'The Dream of  
rontius.



















## BRITISH FUNDS

1976-1977 1976-1977 1976-1977

RADIAN				BUILDING INDUSTRY—Continued				DRAPERY AND STORES—Continued				ENGINEER			
	+ or -	Div.	Yld		+ or -	Div.	Yld		+ or -	Div.	Yld		+ or -	Div.	Yld
1976				1976				1976				1976			

[illegible]

1990

## ENGINEER

20		1.5	15.110
21		2.28	17.880
40			17.880
60		15.1	17.110
66		0.50	27.25
118		0	27.25
125		0.85	27.25
126		0.17	27.25
612		2.73	27.25
91		-2	0.125
1412		1.04	16.114
90		26.7	1.49

1976		+ str	Div	F
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32	1	1.6	2.1	7.7
27	1	76.2	3.7	2.3
67	1	1.9	1.9	1.9
20	1	1.91	1.9	1.9
25	1	12.44	1.9	1.9
20	1	12.44	1.9	1.9
65	1	0.6	3.1	1.1
57	1	0.9	2.8	2.8
135	1	0.9	0.9	0.9
57	1	12.42	3.7	1.9
135	1	15.91	3.7	1.9
15	1	10.2	4.0	1.9
15	1	0.89	4.0	1.9
140	1	0.9	4.0	1.9
140	1	1.85	3.8	1.9
28	1	3.92	3.8	1.9
28	1	12.43	3.8	1.9
80	1	12.43	3.8	1.9
80	1	70.54	4.4	1.7
10	1	1.2	3.7	1.0
10	1	1.2	3.7	1.0
10	1	31.39	1.9	3.3
122	1	1.69	2.2	0.7
122	1	0.89	2.2	0.7
30	1	12.44	4.2	1.9
30	1	7.68	4.2	1.9
66	1	12.44	2.2	0.7
66	1	12.75	2.2	0.7
22	1	2.92	2.2	0.7
22	1	1.6	2.2	0.7
62	1	12.44	2.2	0.7
62	1	5.25	2.2	0.7
78	1	76.22	4.4	1.0
82	1	1.13	4.4	1.0
82	1	7.5	3.3	1.25
82	1	7.5	3.3	1.25

SECRET

122	+	0.51	0	1.8
119	+	1.7	1.7	1
118	+	1.5	1.5	1
117	+	1.5	1.5	1
116	+	1.5	1.5	1
115	+	1.5	1.5	1
114	+	1.5	1.5	1
113	-	1.5	1.5	1
112	-	1.5	1.5	1
111	-	1.5	1.5	1
110	-	1.5	1.5	1
109	-	1.5	1.5	1
108	-	1.5	1.5	1
107	-	1.5	1.5	1
106	-	1.5	1.5	1
105	-	1.5	1.5	1
104	-	1.5	1.5	1
103	-	1.5	1.5	1
102	-	1.5	1.5	1
101	-	1.5	1.5	1
100	-	1.5	1.5	1
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98	-	1.5	1.5	1
97	-	1.5	1.5	1
96	-	1.5	1.5	1
95	-	1.5	1.5	1
94	-	1.5	1.5	1
93	-	1.5	1.5	1
92	-	1.5	1.5	1
91	-	1.5	1.5	1
90	-	1.5	1.5	1
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87	-	1.5	1.5	1
86	-	1.5	1.5	1
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83	-	1.5	1.5	1
82	-	1.5	1.5	1
81	-	1.5	1.5	1
80	-	1.5	1.5	1
79	-	1.5	1.5	1
78	-	1.5	1.5	1
77	-	1.5	1.5	1
76	-	1.5	1.5	1
75	-	1.5	1.5	1
74	-	1.5	1.5	1
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70	-	1.5	1.5	1
69	-	1.5	1.5	1
68	-	1.5	1.5	1
67	-	1.5	1.5	1
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62	-	1.5	1.5	1
61	-	1.5	1.5	1
60	-	1.5	1.5	1
59	-	1.5	1.5	1
58	-	1.5	1.5	1
57	-	1.5	1.5	1
56	-	1.5	1.5	1
55	-	1.5	1.5	1
54	-	1.5	1.5	1
53	-	1.5	1.5	1
52	-	1.5	1.5	1
51	-	1.5	1.5	1
50	-	1.5	1.5	1
49	-	1.5	1.5	1
48	-	1.5	1.5	1
47	-	1.5	1.5	1
46	-	1.5	1.5	1
45	-	1.5	1.5	1
44	-	1.5	1.5	1
43	-	1.5	1.5	1
42	-	1.5	1.5	1
41	-	1.5	1.5	1
40	-	1.5	1.5	1
39	-	1.5	1.5	1
38	-	1.5	1.5	1
37	-	1.5	1.5	1
36	-	1.5	1.5	1
35	-	1.5	1.5	1
34	-	1.5	1.5	1
33	-	1.5	1.5	1
32	-	1.5	1.5	1
31	-	1.5	1.5	1
30	-	1.5	1.5	1
29	-	1.5	1.5	1
28	-	1.5	1.5	1
27	-	1.5	1.5	1
26	-	1.5	1.5	1
25	-	1.5	1.5	1
24	-	1.5	1.5	1
23	-	1.5	1.5	1
22	-	1.5	1.5	1
21	-	1.5	1.5	1
20	-	1.5	1.5	1
19	-	1.5	1.5	1
18	-	1.5	1.5	1
17	-	1.5	1.5	1
16	-	1.5	1.5	1
15	-	1.5	1.5	1
14	-	1.5	1.5	1
13	-	1.5	1.5	1
12	-	1.5	1.5	1
11	-	1.5	1.5	1
10	-	1.5	1.5	1
9	-	1.5	1.5	1
8	-	1.5	1.5	1
7	-	1.5	1.5	1
6	-	1.5	1.5	1
5	-	1.5	1.5	1
4	-	1.5	1.5	1
3	-	1.5	1.5	1
2	-	1.5	1.5	1
1	-	1.5	1.5	1

DATE 11-27-2002 1:00 PM

8#	0.59	0.0	31.4
26m	g1.88	0.27	21.1
19#	1.74	8.0	13.7
2	3.05	1.6	2.2
36	2.86	1.5	14.7
47	2.95	4.0	12.1
20m	g1.88	1.5	11.1
42	3.12	3.5	5.6
53	h1.77	4.9	6.6
37	3.0	2.0	8.7
18	13.02	2.5	12.4
19#	11.48	3.6	12.6
127#	15.54	3.1	4.1
36m	g1.88	0.0	42.0
21	2.81	2.0	12.3
91	2.03	1.2	14.3
37	N2.0	2.6	13.5
33	+1	h3.7	11.8
26	1.94	0.0	9.0
98	11.55	3.6	9.2
26	Q10.0	1.9	12.6
107	72.27	3.7	13.3
	9.35	3.3	13.3
	2.35	2.8	13.4

## BEERS, WINES AND SPIRITS

195		4.84	5.7	17
60		PhLE	6.7	44
88	+3	6.42	2.3	11
48		4.54	1.1	13
220m	-3	11.7	3.8	82
89		4.52	2.9	92
500#	+2	0.90	1.1	13
17		0.88	2.7	83
11		70.64	4.8	98
51		3.09	3.6	93
365		1.91	4.8	80
40		d3.62	1.8	14
231m	-4	Gh90c	1	18
437		22.18	2.0	11
163				
10	+1	1.51	3.4	76
39		10.0	3.4	98
47		11.6	1.5	71
52		3.32	2.2	10
27				
31		3.10	1.1	12
30		3.93	1.3	44
		2.93	1.4	15

59 |Anglia TV-A...| 74 | -3 | 6.8 | 1.9|14

19	+1	1.27	4.0	11.9
21		1.65	5.5	6.0
22		6.33	2.7	1.3
155		20.95	2.4	1.3
91 <sub>2</sub>	+ $\frac{1}{2}$	5.54	2.4	1.3
18		12.44	2.3	1.3
24		1.97	2.0	1.3
30		12.55	2.3	1.3
10 <sup>10</sup>		10.81	3.9	12.4
E28	+2	0.20	1.8	2.6
4 <sub>4</sub>		0.3	1.8	9.7
60 <sub>2</sub>		2.44	2.6	1.2
109 <sub>1</sub>		4.55	2.7	1.4
44 <sub>4</sub>	-2	1.81	3.4	1.3
46		1.92	3.5	1.4
15		1.08	2.0	1.3
18		1.54	1.8	1.3
31	-1	12.6	2.4	1.3
30 <sup>10</sup>		11.19	3.5	6.1
94		16.0	2.4	1.3
43		4.93	1.6	1.3
38		3.68	1.7	1.3
35		3.48	1.7	1.3
19	-1	4.4	2.0	1.3

## Allied Retail Inc. 59 1-3 14.83 1.3

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## TEI STS—Continued

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This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £25 per annum for each security.



## MAN OF THE WEEK

### All the world's a stage

BY ARTHUR SANDLES

TO GET MORE column inches in the papers these days than the fate of sterling, or even the fate of the English soccer team, takes some doing. But this week Mr. Eric Morley has done it—again. For years Morley, chairman and managing director of Grand Metropolitan Hotels subsidiary, Mecca, has been feeling hurt by the general under-rating of the Miss World competition. Now that it is being taken more seriously, and as a result suffering political boycott and Press criticism, Morley again feels hard done by.

Universally despised, if one is to believe the critical comment, this week's Miss World jamboree will almost certainly prove to have been the biggest television audience winner of the year in the U.K., heading off the competition of the World of Beauty. Foster's medal winning attempts in the summer Olympics, Miss World, for all the crushing antiquity of its style, is a remarkably popular show. Morley himself can sympathise with the competition that is his creation. For Morley too is remarkably successful and yet attracts constant public criticism.



Part of the problem is that an interview seems to bring out the worst in Eric Morley. He is not a modest man, and for those who prefer a little self-effacement in their acquaintances he is not easily liked. If the pen really were mightier than the sword Morley would by now be cut to ribbons, so often has he been the subject of journalistic character assassination.

Above all Morley is a fighter, and one with the unenviable trait of announcing in advance that he is going to win. He doesn't always make it, of course, as when he was defeated when he stood as Tory candidate for Dulwich in the last election, and when he had to shelve plans for a British Disney-style Merrie England project because he could not raise the necessary £100m., but usually he tends to come out on the winning side. "The trouble is, people don't really like a success," says Morley himself wistfully about the knocking comments.

The Morley story is fairly well documented. The tough cockney accent, the showman was once a 10-year-old orphan who quickly demonstrated a talent for spotting the right runs of the ladder. He rose through the ranks to acting-major in the war and joined Mecca as a publicity man, bumping into his wife Julia in one of Mecca's dance halls. Morley worked his way through the Mecca ranks too, and managed to turn a couple of Mecca premises, Come Dancing and Mecca, into the most successful popular entertainments.

At first glance Morley and his Grand Met chairman, Maxwell Joseph, make strange commercial bedfellows. Joseph is shy in public although, oddly enough, he is probably a better performer on stage than Morley who glows in the limelight but tends to disintegrate into somewhat heavy handed jokes and muffled lines. There are recurring rumours of a split, but the break never seems to come.

This is partly due to the fact that, whatever the image, the two men have a healthy respect for each other's business skill. Joseph tends to leave his subsidiary company heads very much on their own. Morley's office is the other side of the Thames from Joseph's Mayfair base and even during the Miss World spectacular Joseph keeps very firmly out of the fray.

Considering the potential for scandal in the Miss World saga, with dozens of eliminating competitions run by various organisations and promotional groups around the world, and more than 60 attractive women gathered in one London hotel, it is surprising that more mud is not thrown. But Morley's wife, who handles the day to day running of the event, keeps a watchful eye on things.

Meanwhile the BBC will be making plans already for next year's competition. It is in the middle of a five year contract and ITV will be gnashing its teeth. The critics will doubtless be out in force again. "They seem to have to knock it," complains Morley.

As far as he is concerned, the figures speak for themselves.

## Beirut begins to smile again after 19 months of war

THE WELCOME on the tarmac was simple and moving. A great deal of kissing on both cheeks, mainly between airline officials, and a complete lack of protocol.

A few elegantly-dressed VIPs were whisked off in big American cars, while the rest of the passengers ambled nonchalantly towards what passes for passport control and customs checks in the Middle East, watched casually by a few Sudanese soldiers of the Arab peacekeeping force.

I have never received an entry visa faster or been treated to such a warm and amiable smile as by the Beirut passport official who processed me to-day, in several languages of course.

Nor was the road from the airport into the city particularly frightening, despite the shock came much later.

A few Syrian armoured vehicles on the side of the road, a few half-hearted and good-natured attempts to check our identities, easily thwarted by the taxi-driver, who appeared to know everyone who approached us; small groups of Syrian soldiers playing cards on unpainted fruit crates, or shambling about aimlessly. As we flew in the helicopter, we had looked almost unharmed.

The driver of the ancient Mercedes was anxious to show us Beirut's famous waterfront and centre. It was a scene to remember for the rest of one's life, comparable to London after the Blitz, Berlin in 1945, Bayeux after the Normandy landings, Kuneitra after the battles on the Golan Heights. The famous hotels—the St.

George, the Holiday Inn, the Phoenix and many others—were mere gutted shells. The old shopping centre, a row of skeletons, and everywhere rubble, twisted girders and overturned cars.

But traffic is already flowing again. Sightseers in private cars, who have not ventured into the worst-hit areas for many a

where I am staying is a good example of the Lebanese capacity to keep things going whatever the circumstances.

The lights occasionally fail, but not for long, and if the water from the taps is brown to start with, it is at least running, and soon turns into a more acceptable colour.

Even the refrigerator and

Even before then, when the airport was still operating in battlefield conditions outside Beirut, it achieved the feat of turning the airport into a completely self-sufficient camp because its personnel could not travel safely to and from work.

About 1,500 employees slept and ate on the premises. When the Beirut market could no longer provide the necessary food and other supplies, Middle East Airlines planes flew olives from Greece, spaghetti from Italy, cheese from France, and probably, caviar from Iran.

Rather than sacking staff, it kept on all employees after they had voluntarily accepted a cut in salaries.

The airport has been steadily opened since the return to more peaceful conditions, and from to-day onwards the airline will fly several times a week from Beirut to London, Paris, Rome, Geneva, Athens, and many Middle Eastern capitals.

Beirut is calm, as it has been over the past few days, but from the centre of the city not a single shot can be heard, and the Syrians appear to be going about their peace-keeping mission with a minimum of fuss or aggressiveness.

They are not particularly liked, of course, but no foreign occupying Power, however well-behaved, ever is.

For the moment, people are just grateful that someone has put an end to the fighting, and do not think too much about what the future holds in store. This they have never done, anyway.

**ROBERT MAUTHNER**, Financial Times Paris correspondent, yesterday joined the first commercial flight into Beirut since June. Last night he filed this report.

month for fear of being caught up in the fighting, were touring the ruins to-day as if they were historic monuments.

A few blocks away, in Hamra Street, Beirut's Champs Elysees, the traffic was almost as dense as in Paris and everything appeared normal.

There appears no great shortage of essentials and even less of luxuries. Petrol can be bought everywhere at anything between one and three Lebanese pounds (£20 to 60p) a litre.

Prices are not stable in Lebanon and never have been. They depend on bargaining power. King-size cigarettes of every known make can be bought at roadside stands for 26p, and Johnny Walker black label, of which there is astonishing profusion, sells at about £3 a bottle in the streets. The hotel in the city centre

lifts are in perfect working order, and the bar is a model of its kind. The swimming-pool is sparkling blue, and cheerful laughter can be heard from the balconies of the smart flats opposite.

No better example of improvisation can be found than the extraordinary performance of Middle East Airways in the past few months. Chased from its home port of Beirut last June after one of its Boeing 707s was destroyed by shellfire and two of the crew were killed, it has been running a back-stop operation from Paris, with Air France's help, and turned itself temporarily into a leasing and charter operation.

One official told me that the company could now offer any airline an aircraft with a maximum of three hours' notice.

## Fed bids to revive U.S. economy and confidence

BY STEWART FLEMING

NEW YORK, Nov. 19.

THE U.S. Federal Reserve Board moved to-day to revive the country's sluggish economy and faltering business confidence.

Early this morning, shortly after the nation's fifth biggest bank, Morgan Guaranty Trust, cut its prime rate from 8½ to 6½ per cent, the Fed intervened in the money markets to lower the Fed funds interest rate. Its intervention, to complete a weekend repurchase orders, is seen on Wall Street as an attempt to bring the Fed funds target rate down from 5½ per cent to perhaps 4½ per cent.

Late this afternoon Wall Street's view of Fed intervention activity was confirmed by the release of the private minutes of the Fed's policy-making com-

mittee for money supply. The Open Market Committee, the Fed's minutes for the October meeting released as usual a month after the meeting, reveal that the committee voted on October 19 to ease monetary policy.

Subsequently, after a recommendation from Dr. Arthur Burns, the Fed chairman, the committee rescinded its decision to cut the Fed funds target to 4½. Just prior to the release of the Open Market Committee minutes, another signal of Fed policy emerged when all the member banks except St. Louis announced a cut in their discount rate to 5½ per cent.

Given the slack conditions in the banking sector and the absence of any borrowing by the banks from the Fed, there are no pressing reasons for a cut in the discount rate.

The move is being interpreted as a cautious shift in the Board's policy and therefore in its view of the U.S. economy.

These moves, which come in the wake of mounting evidence of the weakening in the U.S. economic recovery, have taken place after a public controversy about Fed policy.

Statements made by Dr. Burns, last week, to the Senate Banking Committee raised fears that he would find difficulty reconciling his views on the economy with those of the incoming Administration of President-elect Jimmy Carter.

## Disputes bedevil three car companies

By Christian Tyler, Labour Staff

THREE big motor manufacturers are suffering from labour troubles.

Yesterday production of cars stopped at Chrysler's Linwood factory in Scotland, the first major interruption there since the Government's rescue of the company.

British Leyland continued to suffer from internal and external disputes in the Midlands, and more trouble was possible at Ford Motor's Halewood factory in Liverpool despite the end of a three-day strike yesterday.

Both at Ford and Chrysler management attempts to raise flagging output are behind the labour unrest, while Leyland is suffering mainly from a shortage of components due to industrial action at an outside supplier.

Chrysler, Linwood, 400 body-plant men walked out in protest at a time-and-motion exercise after an inter-union disagreement about how many shop stewards various unions should have.

The shop stewards' negotiating committee meets on Monday to sort out the inter-union disagreement, which has caused the Transport and General Workers' Union to boycott the joint stewards' committee, and thus an agreement to let work-study men into the body plant.

Chrysler is trying to raise output from 30 cars an hour to a target of 42, and ultimately 50. Meanwhile, further action was possible at Ford's Halewood plant following its disciplining last night of four welders.

**Work resumed**  
Ford is trying to raise output and is strictly enforcing work practices. Production resumed only yesterday after a three-day strike in the body plant after 16 workers were disciplined for taking extended lunch breaks.

In an effort to avert further strike action Mr. Eric Cooper, the workers' convenor, last night called in Mr. Dick Palmer, regional secretary of the TGWU. Mr. Cooper said that the labour force had been instructed to work as normal on Monday pending the result of talks between Mr. Palmer and the management.

However, there could be trouble before the talks start at 10.30 a.m. as the four suspended men are expected to report for duty as normal at 8 a.m. The initiative will rest with management whether to overlook their presence or risk a walk-out by ordering the men off the premises.

Leyland has halted production of the Range Rover because of component shortages caused by an unofficial pay strike at Rubery Owen, Darlington, where shop stewards voted yesterday to continue the action for another week.

Leyland is Rubery Owen's main customer, but the whole vehicle industry would be affected if the strike was prolonged.

Leyland's Land Rovers are stopped because of a time-and-motion dispute at the Rover engine plant at Acorns Green, Birmingham.

Jaguar engines have been stopped by a strike at the Radford, Coventry, plant, and diesel engines are affected at Coventry. Engines, another Leyland plant, by a dispute about training.

## Spanish Government heads off backlash from far Right

BY ROGER MATTHEWS

A BUOYANT Spanish Government, elated at the passage of its constitutional reform Bill through the Cortes last night, today ordered police into strategic areas of Madrid to prevent threats of a backlash from the far Right to-morrow, the first anniversary of the death of General Franco.

Banner headlines proclaimed: "Goodbye dictatorship, goodbye war, and 'Victory or democracy' as hundreds of coaches arrived in the city bringing staunch supporters of the former dictator to a mass rally due to be staged to-morrow.

But amid the euphoria of the government and the eagerness of sections of the Press to capitalise on the first significant defeat in the ultra-Right for more than 36 years, came warnings from the Left-wing opposition.

A statement from the main socialist party, PSOE, said the amendments accepted by the government during the Cortes

debate made negotiations on the awaited electoral law more difficult.

"So far the government has only negotiated with the not reactionary elements of the country. By agreeing to modify the system of proportional representation for the Lower House it has given extra weight to the rural areas at the cost of the industrial zones, which will presumably favour the Right."

Already an important number of parties have warned that they will campaign for abstentions in the referendum which is needed to approve the new law unless full democratic freedoms are permitted.

The referendum date was decided at a Cabinet meeting today and an announcement is imminent. Presumably the government wins easily it can then decide on the date of general elections to the new two-chamber parliament.

Regional parties, especially those in Catalonia and the

Basque provinces, are concerned that the government should listen to their arguments on the question of proportional representation for elections to the Lower House.

The government agreed under Right-wing pressure last night that a certain, but as yet unfixed, percentage of votes would be necessary for a party to be represented.

According to regional parties this would work strongly against them because their supposedly heavy support locally would translate into a very small national percentage.

The Right is confident of dominating the Upper House and believes it can also do this in the lower chamber. It thinks these factors will prevent the new parliament from immediately trying to bring about fresh constitutional changes.

The Left sees the new Cortes as essentially a constituent assembly which would soon give way to new elections.

Continued from Page 1

## W. German Right-wing splits

sition any longer remains to be seen.

Herr Strauss insisted that they would, and said that the CDU would be proposing a common "roof" under which both Conservative parties will operate against the coalition.

Bonn is still trying to envisage the intangible ramifications of this split for the fine balance of German political power.

Today's news is, above all, a surprise—a rare twist in German politics. It is as though a small explosion had taken place in one pan of a pair laboratory scales. No one knows how they will be restored to equilibrium.

In the short-term the governing coalition will benefit. In the longer term the CDU is now free to become the party of the centre, either threatening or joining forces with the Liberals.

There have been for years intermittent periods of tension between the CDU and the main body of the Conservative Party. There was one such in the wake of the recent general election when Herr Strauss, holder of the CDU's great success, made it clear that he was against Helmut Kohl's attempt to woo the Liberals away from the Social Democrats.

The election had shown a swing to the right and Herr Strauss wanted the CDU to go of an absolute majority on the strength of it.

Helmut Kohl, at that stage still able to return to a comfortable job as Prime Minister of the Rheinland-Palatinate, insisted that he would not come to Bonn to lead the CDU/CSU in Parliament, unless Herr Strauss gave assurances of the CDU's loyalty. Assurance was given. Herr Kohl dropped his

job and came to Bonn. He must now feel that he has been stabbed in the back.

Adrian Dicks adds from Frankfurt: Herr Strauss's decision caused surprise and confusion at the party conference here to-day of the Free Democrats, junior partners in the present coalition Government.

The party's official reaction, expressed by Herr Wolfgang Mischnick, the *Landesleiter* in the Bundesliga, was one of satisfaction at the opposition's apparent split.

Earlier, the party leader, Herr Hans-Dietrich Genscher, had won a warm reception for his defence of the coalition, with the SPD as the best means of advancing the FDP's liberal objectives. There was no reason to think that the FDP will change its mind over this basic commitment.

## THE LEX COLUMN Financial strains to come

The gilt-edged and equity markets were moving strongly in opposite directions yesterday, a reminder that falling interest rates are not always good for shares. In 1974, for instance, the severe weakness of equities took place against a background of consistently declining short term money rates. Perhaps the parallels should not be stressed too strongly, but we are now again labouring under the banking "corset" which was also in force throughout 1974, and the squeeze is well and truly directed at the private sector.

Gilt-edged buyers, meanwhile, have become enthusiastic. After a night to sleep on the implications of the corset and the curb on overseas bank lending they were big customers for a long tap and the market had a very busy day in shorts too. Minimum Lending Rate almost fell by half a point. But the authorities are trying to make sure the decline only comes in small steps, and the terms of the new short tap stock Exchange 13 per cent, 1980 also indicated that the market should cool down.

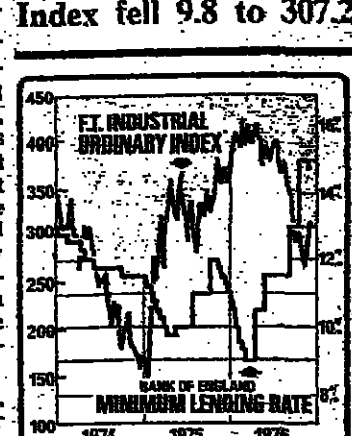
### Financing industry

The imposition of the corset is not going to have any great impact on industry in the immediate future, but there is no doubt that financially weak companies are going to find life increasingly difficult.

The banks have some scope for increasing their priority lending from within their existing balance sheets—by running down local authority lending and selling a few gilts—but not very much. One of two of the London clearers are already running above the limits imposed by the new constraints, and the pressures will become greater. For seasonal reasons, advances tend to rise automatically at the turn of the year. And inflation is running at a very much higher monthly rate than the permitted increase in their main deposit funds. So there is no doubt that Thursday's measures represent a very severe constraint on bank lending.

Some are in a position to be more relaxed than others, and are still hopeful that there will not be any shortage of funds for their industrial clients. There is also the hope that if things get really tough the authorities will be prepared to think once

Index fell 9.8 to 307.2



other priority borrowers currently be flush with cash, other sectors are not nearly well placed. The past few weeks have brought a series of over bids for financial stretched companies—Wagon, Gross Cash Register, Dunford and Elliott—and the are likely to become common. We are going to see more of the NEB, and Equity Bank will have to round to installing a telephone

### Bank earnings

As for the impact on banks themselves, the market was being decidedly bearish yesterday, with lead clearing bank share prices falling by around 7 per cent.

corset will have no impact on this year's figures, which are likely to be good. The absence of bad debt provisions changes in existing commitments to customers.

However it is clear that over the coming months, companies are going to find it much less easy to negotiate large facilities with their bankers. At present, only about 50 per cent of available facilities are being utilised, and the proportion is even lower among the larger customers.

Any general move to increase this figure would obviously be very awkward for the lenders.

So the banks are going to be looking carefully at "prestige" facilities—those which only exist to impress, and are never used in practice—and at requests for new or enlarged borrowing limits. Some are also talking about the possibility of negotiating reduced commitments to their cash-rich customers.

Meanwhile, the overall demand for credit from industry is unlikely to accelerate. The London Clearers' total advances to manufacturers were unchanged at £3,500 during the 12 months ended this summer and Golden Hope appears to have improved their liquidity over the last two years, partly as a result of heavy stockpiling and low net asset value of 39.2p. I capital investment. Total liquid assets of industrial and commercial companies rose by a full £24bn. in the year to August, apportioned between the 11

Of the plantations involved in the three-way merger in the Harrison and Crossfield companies, have considerably improved their liquidity over the last two years, partly as a result of heavy stockpiling and low net asset value of 39.2p. I capital investment. Total liquid assets of industrial and commercial companies rose by a full £24bn. in the year to August, apportioned between the 11

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